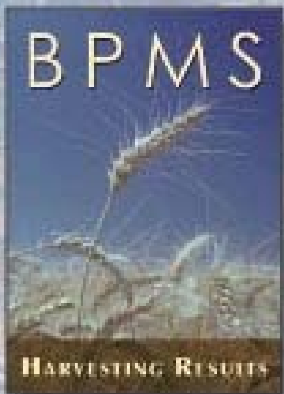
USDA

Farm Service Agency



Strategic Plan

Fiscal Years 2005-2010

ADMINISTRATOR'S LETTER TO EMPLOYEES

James R. Little
Administrator,
Farm Service Agency

My Fellow FSA Employees:

With great pleasure, I present the Farm Service Agency's (FSA) draft Strategic Plan for Fiscal Years (FY) 2005-2010. This Plan complements and supports the United States Department of Agriculture's (USDA) Strategic Plan and will serve as our guide to improve service to this Nation's farmers and ranchers. The responsibilities of our Agency are great, and every employee's commitment to excellence is essential as we work to meet future challenges and strive to become more results-oriented.

This Plan is a tool that will keep us on track, fully focused, and well positioned to help ensure that American farmers and ranchers are globally competitive, meet the demands of 21st century consumers, and have the ability to protect the environment.

The Farm Security and Rural Investment Act of 2002 (2002 Farm Bill) improved the farm safety net and expanded conservation and environmental programs. This Plan will help us prioritize our initiatives and allocate our resources so we can comply with the Act as well as other legislative mandates most effectively.

Agriculture is a major sector of the U.S. economy. One in six working Americans has a job in some aspect of the food and fiber economy, and every American enjoys benefits from U.S. agriculture. For these reasons, our role is so critically important. We must do all that we can to ensure that the services we provide continue to contribute to the Nation's economic growth.

Over a year ago, we began the process of developing this Strategic Plan. We asked a Core Team representing all FSA employee functions to look at everything we do. Through a series of stakeholder meetings, the Core Team, working closely with FSA's senior leadership, put together a tool for change we call the Budget and Performance Management System, or BPMS. Using BPMS for each program we deliver, we will develop systems and processes to enhance our efficiency while strengthening our services. The cornerstone of BPMS is this new Plan, which will guide the implementation of our strategic goals and performance measures.

This Plan provides a stakeholder-driven roadmap for achieving our strategic goals of **supporting productive farms and ranches, supporting secure affordable food and fiber, and conserving natural resources and enhancing the environment.** Because your performance is critical for FSA to achieve these goals, we are instituting efforts that link the accomplishment of these goals with employee performance plans. We will give FSA managers the tools they need to stay current with workforce demands, and we plan to provide all employees the training and resources they need to have a successful and satisfying career.

A great number of you expended a tremendous amount of effort in developing this Plan. I encourage each of you to help me bring this Plan to life as we move forward to strengthen the United States agricultural system, both at home and worldwide.

Sincerely,

James R. Little

James R. Little
Administrator, Farm Service Agency

EXECUTIVE SUMMARY – HARVESTING RESULTS

This Executive Summary is intended to be a "stand alone" document containing key elements of our comprehensive FY 2005-2010 Strategic Plan that follows herein.

Mission and Vision

Agriculture remains a vital sector of the U.S. economy. Every American benefits from a strong U.S. agricultural industry. The Farm Service Agency (FSA) plays a critical role in maintaining that strength, and the Strategic Plan (the Plan) fully incorporates the Agency's responsibility to meet the demands of an ever-changing agricultural sector.

The Plan outlines the role of the Agency in three major areas:

- Making certain that American farmers and ranchers are competitive in global markets,
- Meeting the demands of 21st century consumers, and
- Protecting the environment.

The 2002 Farm Bill provides the authority for FSA to accomplish its mission of ***equitably serving all farmers, ranchers, and agricultural partners by delivering effective and efficient agricultural programs for all Americans***.

FSA will continue to provide an equitable financial safety net for the Nation's farmers and ranchers. FSA will continue to promote domestic agriculture while supporting the Nation's farming industry in generating abundant, low-cost, secure, and nutritious food for all Americans and food aid recipients around the world.

Abundant food and fiber are necessary to sustain a stable and prosperous country. To continue successfully serving its customers and the broader public, FSA regularly assesses how food and fiber will be delivered in the years ahead. Agricultural trends indicate that over the next few decades domestic agriculture is likely to face challenges which include:

- **Increased globalization and customer-driven markets** – Increased globalization and export competition coupled with changing consumer preferences and buying behavior;
- **Demographic shifts and changing methods in production agriculture** – More minority and women farmers and farm owners, fewer small farms, more large, complex farms using new technology, more transient workers, and a move away from traditional agricultural jobs; and
- **Natural and man-made disasters** – Severe short- and long-term adverse weather conditions and an increase in the number and severity of man-made disasters (e.g., homeland security issues).

FSA's commitment extends far beyond food production. The Agency is also committed to effective stewardship of the country's natural resources and the environment and to operating effectively in the 21st century to meet the challenges of a shifting economy.

As shown in the graph below, FSA differentiates between dual, but complementary visions:

FARM SERVICE AGENCY MISSION Equitably serving all farmers, ranchers, and agricultural partners by delivering effective, efficient agricultural programs for all Americans.	
AGENCY/INTERNAL VISION A customer-driven agency with a diverse and multi-talented workforce, dedicated to achieving an economically and environmentally sound future for American agriculture.	**SOCIETAL/EXTERNAL VISION** A market-oriented, economically and environmentally sound American agriculture delivering an abundant, safe, and affordable food and fiber supply while sustaining quality agricultural communities.

In uniting these visions, FSA demonstrates its commitment to effectively balance the needs of consumers for economically priced food products and the demands on farmers and ranchers to supply those products. These united visions speak to the competing needs of consumers and food producers. They are based on internal and external stakeholder feedback. Stakeholders advised that incorporating competing interests is critical to advancing the long-term strategic goals of the Agency.

Performance and Results

Last year, FSA began developing a performance-based, results-focused management tool called the Budget and Performance Management System (BPMS). BPMS is aimed at:

- Improving Agency and individual performance,
- Accountability,
- Decision-making,
- Fully complying with the President's Management Agenda, and
- Ensuring a customer focus to all activities.

To accomplish this, FSA formed a BPMS Core Team, representing all major Agency functions. The Core Team looked at everything FSA does to help farmers, ranchers, agricultural partners; and what FSA does for its employees. The Strategic Plan focuses on what FSA will do; BPMS focuses on how the Agency will get it done. This effort involves a range of activities to ensure taxpayer dollars are directed to efficient and effective programs that get results. The cornerstone of BPMS is the new Strategic Plan that follows.

Over 450 external and internal stakeholders participated in the Plan's development. They emphasized:

- Educating the public to increase awareness of the importance of domestic agriculture,
- Improving consistency of program delivery through education of our employees and customers, and
- Improving program design and understanding of and access to programs.

The Strategic Plan guides the way FSA carries out its mission, and is used to identify and justify the financial, personnel, and other resources necessary to best deliver its programs and measure results. FSA re-engineered key goals to improve Agency mission effectiveness; identified workable strategies for accomplishing the goals; and established more meaningful, quantifiable, and outcome-focused measures to help managers gauge progress more effectively and convincingly.

BPMS is the vehicle that will help FSA meet its performance goals. Technology changes associated with BPMS will integrate all aspects of budget and performance and associated costs for improved decision-making and accountability to stakeholders and ultimately to taxpayers. FSA is examining requirements for fully costing the performance measures it uses to deliver results in an integrated Web-based system. .

FSA is tying its measures to individual employee performance plans and tracking progress to ensure that every FSA employee is accountable for FSA fulfilling its mission. This July, FSA successfully tied the performance of its SES, GS-15, and GS-14 managers to the new Strategic Plan Framework. Already, these senior managers are starting to link their employees' performance plans to the Agency's goals and performance measures in order to meet the goal of having 100% of FSA's employees accountable for mission in FY 2005. All of these efforts will improve credibility for FSA's performance budget and more completely tell FSA's story to help obtain the budget necessary to deliver mission results.

Strategic Goals

As a major agency of the United States Department of Agriculture, FSA's mission supports the Department's broader strategic goals. FSA's Plan focuses on three strategic goals:

Goal 1. Supporting Productive Farms and Ranches – for American farmers and ranchers;
Goal 2. Supporting Secure and Affordable Food and Fiber – for domestic consumers; and
Goal 3. Conserving Natural Resources and Enhancing the Environment – for all present and future generations.

FSA's strategic goals crosscut FSA's traditional program lines and focus on societal outcomes. Each major program grouping under these goals will be evaluated through both outcome oriented and efficiency measures.

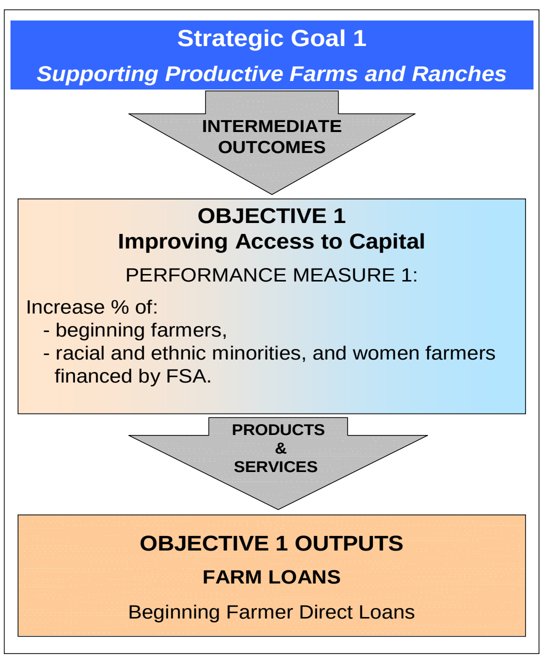
These are shared goals, requiring the involvement and cooperation of many other Federal agencies, such as: the Environmental Protection Agency, the Army Corps of Engineers, and USDA sister agencies, as well as numerous State and local government agencies and non-governmental organizations.

These goals are the foundation of the FSA core mission, and they are anchored by strategic objectives and performance measures.

Programs and Performance Measures

FSA programs support one or more of the three strategic goals and fall into one of four categories:

- **Farm Loan Programs** – Improve access to capital for farmers and ranchers. FSA's loan programs are available to help family farmers who are temporarily unable to obtain private or commercial credit. FSA makes and guarantees loans to such farmers and ranchers to allow them to purchase farmland and finance agricultural production. These loans are often provided to beginning farmers who have insufficient net worth to qualify for commercial credit. In other cases, FSA issues loans to farmers who have suffered financial setbacks from natural disasters or who have limited resources establishing and maintaining profitable farming operations.
- **Income Support and Disaster Assistance Programs -** Mitigate market losses and mitigate losses from natural disasters. Income Support and Disaster Assistance Programs help to protect farmers and ranchers from fluctuations in market conditions and unexpected natural or man-made disasters. Assistance is provided through Income Support programs and the Noninsured Crop Disaster Assistance Program. The Agency is redesigning the way it interfaces with farmers and producers in its traditional "safety net" programs by expanding on-line options while maintaining more traditional approaches.
- **Conservation Programs -** Improve conservation practices, target lands to maximize conservation benefits, and mitigate negative environmental results from agricultural production. Strengthened by the 2002 Farm Bill, FSA's conservation programs offer producers a variety of financial and economic incentives to conserve natural resources on privately owned farmlands.
- **Commodity Operations** – Provide adequate, secure storage capacity that maintains quality, expand domestic and international market opportunities, and improve the purchase and delivery of food aid. These programs handle the acquisition, procurement, storage, disposition, and distribution of commodities; and the administration of the U.S. Warehouse Act. These programs help achieve domestic farm program objectives, produce a uniform regulatory system for storing farm products, and ensure the timely delivery of food products for domestic and international food aid programs and market development programs.



All of the important products and services (outputs) of these programs are mapped to the objectives and performance measures in the new Strategic Plan.

An example is beginning farmer direct loans that are an output for Strategic Goal 1 - ***Supporting Productive Farms and Ranches***; Objective 1, Improving Access to Capital; and Measure 1, Increase % of beginning farmers, racial and ethnic minorities, and women farmers financed by FSA.

This essential linkage can be seen in the accompanying graph. The full Strategic Plan Framework, contained in Appendix A, illustrates these relationships in detail.

BPMS Management Scorecard

The "glue" to hold all of the program performance work together comes in the form of a series of objectives and performance measures contained in a crosscutting BPMS Management Scorecard that maps to the President's Management Agenda and to important FSA managerial initiatives for outreach and civil rights. The BPMS Management Scorecard will help ensure that senior managers and employees focus on achieving the key results tied to the Strategic Plan while monitoring day-to-day functions and program administration. The six management areas of the scorecard represent those areas most important to FSA's customers and stakeholders:

- Enhancing Outreach and Partnership
- Ensuring Civil Rights
- Strategically Managing Human Capital
- Improving Strategic Accountability
- Improving Business Process Effectiveness
- Improving Stakeholder Satisfaction

FSA cannot fully reach its strategic goals operating alone. Partnerships are a critical element of FSA's management strategy. FSA began developing successful partnerships soon after it was created, and this success must be carried into the future. Partnering with others allows FSA to optimize resources and service delivery. Therefore, our success will require effectively nurturing FSA's traditional partnerships while creating new partnerships with farmers, ranchers, bankers, agricultural trade organizations, private-sector organizations, non-profit and public institutions, as well as community and faith-based organizations.

Ultimately, such partnerships benefit all consumers, especially the neediest, where the Government's Faith-Based and Community Initiatives operate to great effect. A good example is the National Nonprofit Humanitarian Initiative, started in 2004 by FSA, to donate surplus nonfat dry milk to nonprofit, faith-based and community organizations. The Agency provided nonfat dry milk to more than 70 qualified nonprofit charitable organizations, including many that do not participate in the distribution of USDA commodities. These organizations distributed the product in almost every State, to hundreds of local organizations that distributed the product to needy individuals and families.

Mitigating External Factors

Accomplishing the goals of this Plan will depend to some extent on our ability to mitigate the external factors that are beyond the Agency's full control. These factors can be identified and managed to a certain degree. The threat of natural and man-made disasters and market volatility and economic uncertainty make farming a high-risk venture, while the level of Congressional funding for Agency programs also affects FSA's ability to fulfill its mission. Internal programmatic risks and management challenges have been identified through internal reviews and by external sources such as the Office of Inspector General and the Government Accountability Office. FSA has already made great progress toward mitigating these internal risk factors and will continue its efforts to reduce internal risks and mitigate external factors.

Some of the prominent external risk factors that affect America's agricultural producers and can impede FSA's ability to deliver programs and services are:

- Severe weather conditions and natural disasters,
- Market volatility,
- Substantial inflation of farm expenses or depressed commodity prices,
- Non-compliance by participants with program provisions,
- Insufficient transportation of commodities and supply shortages,
- Limited appropriations for staffing and programs, and
- Man-made disasters, e.g. bio-terrorism -- homeland security considerations.

Commitment

To pursue FSA's strategic goals and management initiatives, this Plan emphasizes results and interagency collaboration. FSA is committed to improving its customer service and program delivery. The Agency will continue to operate in a transparent and inclusive manner and is committed to providing its programs and services in an efficient, effective, and equitable manner. By implementing this Plan, the Agency will become more results-oriented, more accountable to the public, more fiscally responsible, and more responsive to its customers.

FSA employees have a strong commitment to integrity and adherence to the Agency's core values and mission. By setting goals and measuring Agency performance against these goals, FSA will strive to continuously improve the administration of its programs and services.

FSA OUTLOOK FOR THE FUTURE

FSA helps ensure that American agriculture remains competitive and productive in global markets. This Plan marks the culmination of an extensive planning process and describes the path FSA will travel over the next six years as FSA continues ***equitably serving all farmers, ranchers, and agricultural partners by delivering effective and efficient agricultural programs for all Americans***.

FSA's Strategic Plan supports the broader strategy of the USDA as embodied in its four strategic goals:

- Enhance economic opportunities for agricultural producers.
- Support increased economic opportunities and improved quality of life in rural America.
- Enhance protection and safety of the Nation's agriculture and food supply.
- Protect and enhance the Nation's natural resource base and environment.

This 2005-2010 Strategic Plan signifies a new era at FSA. The Agency is embarking on a new way of doing business that will enhance FSA's relationships with its partners and its employees. FSA is committed to responding to customer needs. The Agency will continue to build and sustain the trust of its primary customers, farmers and ranchers, as well as the American public and those around the world who benefit from humanitarian food assistance.

Figure 1. FSA Mission and Strategic Goal linkage to the new BPMS Management Scorecard

During the past few years, the Agency has pursued many ways to create a more performance-based environment. As part of the Agency's commitment to well-informed management decisions, FSA established the Budget and Performance Management System (BPMS). While the Plan focuses on what FSA does, BPMS focuses on how the Agency will get it done. In October 2003, FSA put together a BPMS Core Team representing all core business areas. With substantial input from more than 450 internal and external stakeholders, this Core Team carefully crafted a Strategic Plan Framework (see Appendix A). With this structure, the Plan is a living document that sets long-term goals as well as day-to-day performance guidance. Figure 1 illustrates the BPMS framework and scorecard. FSA is transforming the way it conducts business so that its employees can work more efficiently and better measure results.

FSA is moving aggressively to realize its vision of strengthening U.S. agriculture. Since the 1930s, the USDA has had strong relationships with farmers and ranchers across America. FSA's primary responsibilities of equitably helping farmers and ranchers begin, maintain, or rebuild their farms and ranches, and providing a financial *safety net* for the Nation's farmers and ranchers remain at the heart of FSA.

The Nation's farming industry generates year-round abundant, low-cost, secure, and nutritious food and other agricultural products for all Americans, overseas consumers, and food aid recipients worldwide. FSA will continue to promote and support this industry. However, FSA's responsibilities extend far beyond food and fiber production. The Agency has a critical stewardship role regarding America's natural resources and environment. FSA's mission is contemporary and forward-looking. To operate effectively in the 21st century and meet the challenges of shifting economic variables, FSA created dual visions that are customer-driven (Agency/internal) and socially responsible (societal/external). The FSA mission and visions are represented in the box below.

MISSION

Equitably serving all farmers, ranchers, and agricultural partners through the delivery of effective, efficient agricultural programs for all Americans.

AGENCY (INTERNAL)VISION

A customer-driven agency with a diverse and multi-talented workforce, dedicated to achieving an economically and environmentally sound future for American agriculture

SOCIETAL (EXTERNAL)VISION

A market-oriented, economically and environmentally sound American agriculture delivering an abundant, safe, and affordable food and fiber supply while sustaining quality agricultural communities.

FSA involved external stakeholders in developing the vision and direction of BPMS. The Agency listened closely. More than 200 external stakeholders participated in discussions. Most stressed the importance of improving program delivery processes, reducing the burden on the workforce, improving program design, and, for some, delivering automated access to program applications. With an eye on customer service and employee workload, FSA continues to implement business process improvements and to modernize its IT infrastructure and program delivery systems. In response to external stakeholders, this Plan emphasizes promoting the benefits of domestic agriculture and the value added through FSA programs to the American public. The Plan sets goals for improving Agency outreach and achieving more effective partnerships.

The Plan is flexible. Each year the Agency will evaluate its progress in meeting the Plan's goals when preparing its Performance Budget. FSA will update the Plan when major program or policy changes occur, and revise it every three years in accordance with the Government Performance and Results Act (GPRA) of 1993. As FSA approaches nearly three-quarters of a century of providing programs and services to America's farmers and ranchers and others around the world, the Agency remains committed to continuously improving the way it manages and delivers its programs.

PRINCIPLES

FSA's employees are guided by six principles that influence almost every aspect of work including: the way employees approach their responsibilities, the way management treats its employees, and the way employees treat their customers, partners, and each other. These principles are:

Exemplary Customer Service
Diversity
Ethical Conduct
Efficiency
Inclusive Decision Making
Fiscal Responsibility

The development of agricultural systems was a vital step forward in the advance of complex civilizations. A secure food supply allowed people to build larger and more stable communities, engage in long-range planning, provide more time for innovations in the arts and sciences, and generally improve their standard of living.

Agriculture has also played a pivotal role in America's history. FSA employees know that food and fiber are necessary to sustain a stable and prosperous culture. However, agriculture is an ever–developing enterprise. We can only guess how food and fiber will be produced in the future to meet consumer demand. This uncertainty arises from the challenges facing domestic agriculture, including:

- **Increased globalization and customer-driven markets** – Increased globalization and export competition coupled with changing consumer preferences and buying behavior.
- **Demographic shifts and production agriculture** – More minority and women farmers and farm owners, fewer small farms, more large and complex farms using new technology, more transient workers, and fewer traditional agricultural jobs.
- **Natural and man-made disasters** – Severe short- and long-term adverse weather conditions and an increase in the number and severity of man-made disasters (e.g., homeland security issues).

Increased Globalization and Customer-Driven Markets

America's farm and food system infrastructure is rapidly changing. The change is driven by technology, globalization, agricultural diversity, and a consumer-oriented market. Just four percent of the world's population lives in the United States, and while U.S. producers can easily meet domestic demands for food and fiber, trade expansion will continue to be a critical issue for the United States as the 21st century unfolds. FSA works diligently with the Foreign Agricultural Service (FAS) to foster trade opportunities. USDA participates in World Trade Organization (WTO) trade negotiations and notification processes that shape tariff rates on agricultural products worldwide. USDA and the WTO cooperate to establish new export protocols to facilitate access to foreign markets.

The agricultural industry has changed tremendously over the past 200 years. Major changes in how Americans live, what they eat, and how producers grow food and fiber have brought both challenges and opportunities to farming and ranching. Market and cultural globalization have introduced new and unique methods of distributing, trading, and consuming food and fiber. FSA will continue to coordinate with partner agencies to incorporate new technologies for managing agricultural programs and to improve USDA Service Centers throughout the country.

Consumer demands are changing, and increased globalization has brought more demand for specialty crops and organic foods. A demanding market, coupled with increased global competition for that market, has also spurred the need to develop innovative alternative uses for food and fiber, such as bio-fuels. As the world moves deeper into the 21st century, the domestic agricultural industry must learn to service a more consumer-driven market. Investments in technology will improve service delivery and reduce costs. The Agency's bioenergy program, although scheduled to be phased out in FY 06, has already helped increase the market share of transportation fuel for ethanol and bio-diesel. While consumer demand may continue to change, FSA will continue to work with its partners to increase the global market share of American agricultural products and support the domestic agricultural industry.

Demographic Shifts and Production Agriculture

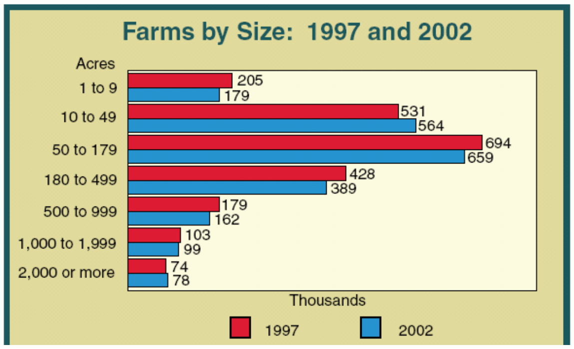


Figure 2. Number of small farms declines.

Long-term trends in farming indicate that the increased complexity of modern farming and fierce global competition will continue to drive the consolidation of smaller farms, resulting in fewer and larger farms[1] (see Figure 2). While fewer farming operations will begin during the next eight years, there are trends toward an increase in women and Hispanic farmers. These trends may result in increased demand for FSA programs that improve access to capital for beginning farmers and ranchers, women, and minority agricultural producers. FSA will work diligently to reach out to these new agricultural producers and will provide all customers equal access to its programs.

Natural and Man-Made Disasters

Farmers and ranchers still face natural resource challenges in soil erosion, preservation of wildlife habitat and wetlands. They also face a new challenge of protecting their lands from deliberate acts of terrorism. These and other 21st century challenges will require more emphasis on protecting our environment. The global economy, free trade, and transportation technologies have increased the likelihood that exotic invasive species will reach American fields. Therefore, it is important to regulate and inspect agricultural imports most likely to be carrying such species.

Human-generated sedimentation or contamination from heavy metals, pesticides or other pollutants, and development and revitalization can all adversely affect the environment. These pollutants can threaten ecosystems and watersheds that provide water for drinking, irrigation, recreation, employment opportunities and havens for bio-diversity. Contamination that degrades or interrupts those benefits and services harms the economy at every level.

The future could bring an increased demand for disaster assistance, emergency loans, and humanitarian assistance programs. Natural disasters such as drought, fires, floods, and other acts of nature place farms and ranches at significant risk. As FSA cannot predict the incidence of natural and man-made disasters, the Agency is focused on improving processes and creating organizational flexibility so that FSA can quickly reallocate funds and resources to respond swiftly and forcefully to agricultural disasters.

[1] Bureau of Labor Statistics (http://stats.bls.gov/oco/ocos176.htm)

A SNAPSHOT OF FSA AND THE COMMODITY CREDIT CORPORATION

FSA was created by the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994. The Agency helps improve the economic stability of the Nation's agricultural industry and the environment through farm income support programs; farm ownership, operating, and emergency loans; conservation programs; domestic and overseas food assistance programs; and disaster assistance programs (see Appendix B).

The U.S. agricultural industry represents more than 15 percent of the Nation's domestic product – generating $1 trillion in economic activity each year. FSA programs help fuel this economic engine while encouraging conservation, protecting the environment, and enhancing natural resources.

FSA loan and income support programs help farmers and ranchers produce an abundant domestic food supply, while competing aggressively for export sales of commodities in the world marketplace. The financial assistance FSA provides to farmers and ranchers is called a *safety net* because it helps farmers maintain economically effective operations and stay in business through good and bad years. This assistance helps to stabilize market fluctuations.

Food assistance programs redirect surplus domestic food supply to segments of domestic and world societies in need of food aid. FSA programs, therefore, have a global impact benefiting all segments of society – farmers, ranchers, agricultural partners, children and adults, rural and urban communities, and food aid recipients around the world.

While FSA's mission is central to the 2005 – 2010 Strategic Plan, the Agency's long-term vision is that we must simultaneously meet and balance the needs of the consumer and the food producers. In many instances, consumers and producers have competing needs. FSA is committed to effectively balancing its efforts so that consumer needs for economically priced food products do not negatively affect the farms and ranches that supply those products. The Agency's dual vision, based on internal and external stakeholder feedback, is designed to balance the competing needs of the consumer and food and fiber producers. This dual approach is critical for achieving FSA's long-term strategic goals and program outcomes contained in the 2005 – 2010 Strategic Plan.

Needs of Consumers

Needs of Food Producers

FSA STRUCTURE

One Stop Service at the USDA Service Center in Virginia.[1]

FSA delivers its programs through FSA State Offices and the USDA Service Center structure. In addition to its Washington, D.C., headquarters and national offices in Kansas City, St. Louis, and Salt Lake City, FSA maintains State Offices, usually at the capital or near a State land grant university and in Puerto Rico. FSA also maintains a local office in the Virgin Islands. More than 2,400 USDA Service Centers are staffed by more than 13,000 county office employees and 5,800 Federal employees. FSA's national office guides State and county offices in their implementation of programs legislated by Congress to help ensure the well-being of American agriculture and to ensure that programs are administered equitably and efficiently. The local FSA County Committees, comprised of locally-elected farmers and ranchers, play an important role in administering FSA's programs. Commodity, farm loan, conservation, disaster, and emergency assistance programs are delivered through this local structure. Through FSA's extensive field office structure, its staff maintains close contact with Agency customers and can usually address customers' individual needs and concerns locally.

The Agency's programs date to the 1930s, when Congress set up the committee system under which Federal farm programs are administered locally. When the USDA was reorganized in 1994 and FSA was created from the merger of the Agriculture Stabilization and Conservation Service and the former Farmers' Home Administration, Congress mandated improved delivery of programs and services to USDA's customers and required agencies to cooperate to deliver agricultural programs. In response to this mandate, USDA developed the Service Center concept, which includes co-location of three USDA "sister" agencies – FSA, Rural Development (RD), and the Natural Resources Conservation Service (NRCS). This offered USDA customers "one-stop" service and reduced administrative overhead. The three agencies share field equipment and services, cross-train employees in program areas, and share program and producer profile data across a national USDA Service Center database known as the Service Center Information Management System (SCIMS). Since its inception, FSA has been a partner agency in the USDA Service Center effort.

The Service Center effort is designed to deliver:

- One-stop service,
- Quality customer service,
- Improved efficiency and cost savings, and
- Effective partnerships.

FSA, in cooperation with other USDA agencies including NRCS, RD, Risk Management Agency, Cooperative State Research, Education and Extension Service, and the Food and Nutrition Service, streamlined the USDA field structure to provide farmers and ranchers access to the "one-stop" service for natural resource conservation, rural development, and agricultural loan and commodity programs. The Agency is also working with local resource and conservation districts, State Departments of Agriculture, the U.S. Fish and Wildlife Service, the Economic Research Service, the Agricultural Marketing Service, licensed warehouse owners and operators, loan associations, commodity associations, community-based organizations, and lending institutions to ensure timely, fair, and effective delivery of its programs at the local level.

[1] All photos in this Strategic Plan are courtesy of USDA. The photos are available at USDA's Online Photography Center: http://www.usda.gov/oc/photo/opcservj.htm

COMMODITY CREDIT CORPORATION

The Commodity Credit Corporation (CCC) is a Government-owned and operated entity that was created to stabilize, support, and protect farm income and prices. CCC also helps maintain balanced and adequate supplies of agricultural commodities and aids in their orderly distribution. CCC was incorporated October 17, 1933, under a Delaware charter with a capitalization of $3 million. It is currently funded at $36 billion. On July 1, 1939, CCC was transferred to the United States Department of Agriculture (USDA). FSA, through the CCC, aids agricultural producers with loans, purchases, direct payments, and other operations, and makes available materials and facilities required in producing and marketing agricultural commodities.

CCC may authorize the sale of agricultural commodities to other government agencies and to foreign governments and the donation of food to domestic, foreign, or international relief agencies. CCC also assists in developing new domestic and foreign markets and marketing facilities for agricultural commodities.

CCC is managed by a Board of Directors, subject to the general supervision and direction of the Secretary of Agriculture. All members of the Board and Corporation officers are USDA officials. CCC's price support, storage facility loans, commodity reserve, and conservation programs, and its domestic acquisition and disposal activities are carried out primarily through FSA personnel and facilities.

County Committees, State Committees, and members of the CCC will all help FSA implement this Strategic Plan and ensure that FSA delivers its mission effectively and equitably to the American public.

FSA PROGRAM SUMMARY

FSA delivers a variety of programs (see Figure 3) designed to help farmers and ranchers meet many of their most difficult challenges. Whether they are facing temporary financial distress or natural disasters, balancing conservation and production, or storing and selling their commodities, FSA has a program to help today's farmer or rancher remain stable and productive. Each program falls into one of the four categories described below.

***Farm Loan Programs* - Improve access to capital for farmers and ranchers**. FSA's loan programs are available to help family farmers who are temporarily unable to obtain private or commercial credit. FSA makes and guarantees loans to such farmers and ranchers to allow them to purchase farmland and finance agricultural production. Often these loans are provided to beginning farmers who do not have enough net worth to qualify for commercial credit. In other cases, they are farmers who have suffered financial setbacks from natural disasters, or who have limited resources with which to establish and maintain profitable farming operations.

***Income Support and Disaster Assistance Programs* - Improve access to capital for farmers and ranchers, mitigate market losses, and mitigate losses from natural disasters**. Income support and disaster assistance programs provide financial assistance to protect farmers and ranchers from fluctuations in market conditions and unexpected natural or man-made disasters. Assistance is provided through Income Support programs and the Noninsured Crop Disaster Assistance Program (NAP). Assistance is also provided through FSA's Emergency Conservation Program (ECP) and *ad hoc* disaster programs that vary from year-to-year. The Agency is redesigning the way it interfaces with farmers and producers in its traditional "safety net" programs by expanding on-line options while maintaining more traditional approaches.

***Conservation Programs* - Improve conservation practices, target lands to maximize conservation benefits, and mitigate adverse impacts from agricultural production.** Strengthened by the 2002 Farm Bill, FSA's conservation programs offer farmers and ranchers a variety of financial and economic incentives to conserve natural resources on the Nation's privately owned farmlands. Programs focus on reducing erosion, protecting streams and rivers, restoring and establishing fish and wildlife habitats, and improving air quality through several conservation incentive payment and cost-share programs and through the technical assistance provided by FSA's partners.

***Commodity Operations* - Provide adequate, secure storage capacity that maintains quality, expand domestic and international market opportunities, and improve the purchase and delivery of food aid**. Commodity operations programs handle the acquisition, procurement, storage, disposition, and distribution of commodities, and the administration of the U.S. Warehouse Act (USWA). These programs help achieve domestic farm program price support objectives, produce a uniform regulatory system for storing agricultural products, and ensure the timely provision of food products for domestic and international food assistance programs and market development programs.

Farm Loan Programs	Income Support and Disaster Assistance Programs	Conservation Programs	Commodity Operations
Ad Hoc Programs	Crop Disaster Program	Conservation Reserve Program	Bill Emerson Humanitarian Trust
Beginning Farmer Down Payment Loan Program	Dairy Indemnity Payment Program	Conservation Reserve Enhancement Program	Bioenergy Program – scheduled for phase out in FY 06
Boll Weevil Eradication Loan Program	Direct and Counter-Cyclical Payment Program	Continuous Conservation Reserve Program	Canadian Wheat End Use Certificate Program
Debt for Nature Program	Ewe Lamb Replacement/Retention Program	Emergency Conservation Program	CCC Inventory Management and Operations
Direct Farm Operating Loan Program	Farm Storage Facility Loan Program	Farmable Wetlands Program	Extra Long Staple Cotton Competitiveness Payment Program
Direct Farm Ownership Loan Program	Hard White Wheat Incentive Payment Program	Grassland Reserve Program	Food Assistance Purchase Programs – Domestic and Export
Emergency Loan Program	Karnal Bunt Program		Milk Price Support Purchase Program
Guaranteed Farm Operating Loan Program	Livestock Assistance Program		Total Quality Systems Audit
Guaranteed Farm Ownership Loan Program	Livestock Indemnity Program		Upland Cotton Competitiveness – User Marketing Certificate Program
Indian Tribal Land Acquisition Program	Milk Income Loss Contract Program		U.S. Warehouse Act – Federal Warehouse Licensing
Youth Loan Program	New Mexico Tebuthiuron Program		
	Noninsured Crop Disaster Assistance Program		
	Nonrecourse Marketing Assistance Loan Program		
	Sugar Loan Program and Sugar Marketing Allotments		
	Sugar Storage Facility Loan Program		
	Tobacco Program – scheduled for phase out in FY 05		
	Tobacco Transition Payment Program		
	Tree Assistance Program		
	Trade Adjustment Assistance Program		
	Ad Hoc Programs		

Figure 3. Farm Service Agency Programs by Category

CIVIL RIGHTS

On a tobacco farm in the Danville, VA area Miguel Diaz carries a new crop from the field.

FSA is committed to continuously improving its performance in civil rights and is incorporating USDA's Civil Rights Policy throughout its operations. FSA has formed its own Civil Rights Policy Statement, with the Administrator committing the Agency to integrating civil rights principles throughout its programs and operations, externally and internally. Specifically, FSA strives to ensure that there is no discrimination in its employment practices and its program delivery system, and strives to promote an environment of inclusion. FSA's Office of Civil Rights is dedicated to providing exemplary customer service in program delivery, managing workforce diversity, and ensuring equal opportunity for FSA customers and employees.

Equal opportunity officials coordinate the development and implementation of civil rights programs and plans with Agency managers to ensure that civil rights will remain an integral part of this Strategic Plan. FSA conducts Agency-wide training on civil rights issues. This training includes Equal Employment Opportunity (EEO) Managers training on the proper handling of informal EEO complaints, Cultural Awareness/Diversity training, Special Emphasis Program training, and Disability Awareness training. Managers across FSA, as well as non-managerial employees, now have civil rights awareness and compliance as a critical component in their annual performance plans and evaluations. In addition, FSA is establishing performance metrics that will institutionalize accountability for civil rights across the organization.

Civil rights efforts across FSA go hand-in-hand with those of Outreach, External Affairs, Human Resources, Farm Loans, Farm Programs, and other Agency programs. FSA, through its Office of Civil Rights, ensures that barriers to program participation or employment do not exist. As FSA continues to improve program delivery, it faces additional challenges including:

- Implementing new rules designed to increase minority participation in the County Committee elections, and
- Allocating additional resources to proactive initiatives on affirmative action and diversity as a means of moving away from just treating the symptoms of discrimination.

FSA demonstrates its dedication to equal opportunity for all employees and program participants by continuing training and compliance programs, reaching out and listening to stakeholders, instituting performance metrics to enhance accountability, and reallocating resources to improve program effectiveness.

STRATEGIC PLAN DEVELOPMENT JOURNEY

The development of the Strategic Plan spans more than a year. The Plan is the foundation of a broader undertaking to develop a Budget and Performance Management System (BPMS) to integrate all aspects of budget and performance and associated costs and serve as a government model. BPMS will transform FSA into a more citizen-centered, performance-based, and results-oriented organization. Through the implementation of BPMS, FSA is systematically improving its business processes and performance. FSA's leadership is fully committed to using BPMS as the means for improving the effectiveness and efficiency of the Agency. To accomplish this Agency-wide undertaking, FSA assembled a team of managers representing major functions within FSA, enlisted key advisors, and invited field employees to participate ensuring the BPMS concept was well formulated and accepted at all levels within the Agency (see Figure 4). The BPMS Core Team combined its collective Agency knowledge with the input from FSA's stakeholders, and created this Strategic Plan.

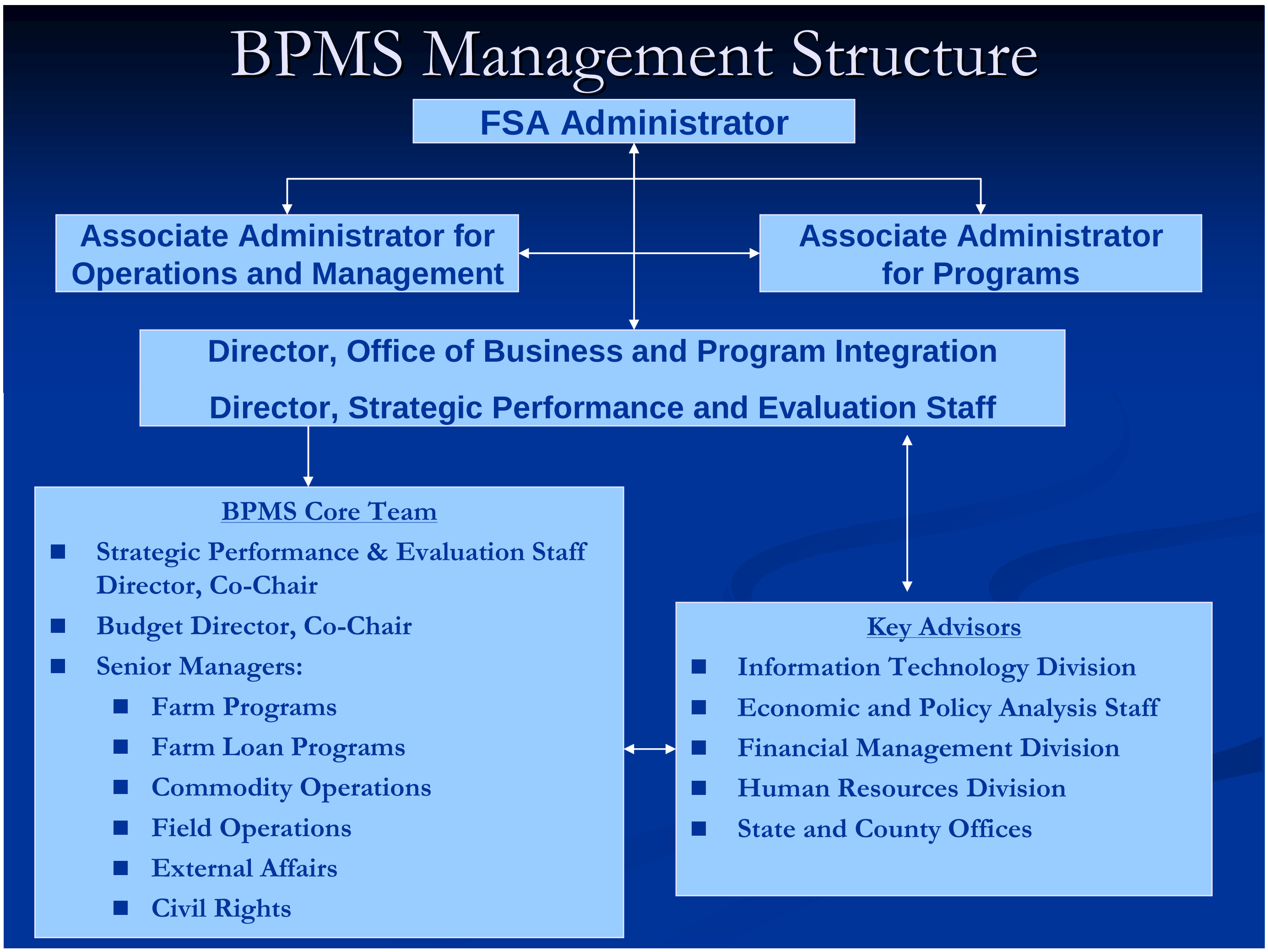


Figure 4. BPMS management structure

FSA began the journey by asking employees (internal stakeholders) and customers and agricultural partners (external stakeholders) to identify and prioritize Agency objectives and to construct organizational strategies to achieve those objectives. With leadership's full support, employees from across the country participated in training sessions and workshops, and everything was on the table. Every program (see Appendix B) and administrative functional area was reexamined. Because stakeholders had diverse backgrounds and came from various geographic locations, the Agency obtained a wide variety of valuable perspectives.

FSA stakeholder meeting in Omaha, Nebraska, , December, 2003

FSA consulted with more than 200 external stakeholders who played a key role in the Plan's development. This was accomplished through a series of dialogue sessions, which focused on the following questions:

- How can FSA better meet customer needs and improve service?
- What are the mission goals FSA should pursue?
- What strategies should FSA pursue to achieve these goals and measure success?

FSA held meetings in Sacramento, California; Omaha, Nebraska; and Washington, D.C. A number of key issues surfaced during these dialogues in which stakeholders explained which Agency business strategies work well and where improvement is needed. FSA listened and identified nine key areas targeted for improvement:

- Communication:
    - Provide easier electronic access to information on Agency programs through Service Center kiosks and computers.
    - Maintain the "human" customer service option to preserve producers' privacy.
    - Improve training for FSA employees on program eligibility requirements.
    - Expand efforts to educate farmers and aspiring farmers about FSA programs.
    - Boost partnership efforts to inform the public about the need for a healthy, agricultural sector and to attract America's youth to careers in agriculture.

- Streamline business processes to deliver services in a more efficient and timely manner, emphasizing E-Government (E-Gov).

- Improve analysis of FSA program results:
    - Determine the effectiveness of agricultural program outreach.
    - Identify stakeholder needs (e.g., focusing on the stakeholders that should be receiving program benefits as well as those who already receive them).

- Empower FSA Service Center employees and County Committees to adjust program delivery to circumstances to provide improved service to customers.

- Distribute equitably FSA human resources at the local level based on the number of producers receiving services and the types of services required.

- Promote FSA resources and services to attract new and younger entrants into the farming community.

- Partner with State and local organizations, private industry, and other USDA agencies to better leverage resources.
- Improve consistency of program delivery through education of our employees and customers, and
- Improve program design and understanding of and access to programs.

Feedback from stakeholders led to new external vision and mission statements that more accurately reflect stakeholder expectations. The BPMS Core Team listened too, and it learned how to more sharply focus FSA's strategic goals on customer needs.

Through hours of debate, individual perspectives blended together into a more unified, comprehensive view of the Agency and its reason for existence. The field employees explained that because of the relationships that the County Committees and the Service Center employees have with their communities, they contribute much more to their customers' well being than indicated by the dollar value of the benefits disbursed. Further discussions included the role of the farm loan staff in leading producers toward adopting better farming and ranching practices to help them grow and compete while maintaining compliance with environmental regulations and becoming effective stewards of the land.

At the stakeholder meetings and planning workshops, the Core Team explored the role FSA plays in maintaining low food prices by keeping farmers on their land and helping them make their own market choices. The Team also considered guidelines and benchmarks such as those established by the Office of Management and Budget (OMB), Congress, other Federal agencies, and various initiatives within USDA. FSA employees provided background information on the programs, the problems to which these programs respond, and the information required by OMB and Congress for FSA to fulfill its obligations. This approach allowed the Team to focus on certain concerns, such as the issues currently important to national leaders, meeting customer needs and improving performance. These concerns were included in the discussions that led to a Strategic Plan Framework that describes the Agency's current identity, the identity it wants, and the identity rural American expects to see. Once the strategic goals, end outcomes, and performance measures were established, the Core Team made sure that they were validated by employee unions, employee associations, and other interested parties. FSA made every effort to take a participatory approach in developing this Plan.

This Plan is the result of many discussions centered on how best to measure program performance and results. In some instances, the Team discovered the Agency does not have all the tools in place to measure progress toward achieving some strategic goals. In those cases, the Team adjusted the Plan and included measureable activities. The Agency committed to continue improving the measurements as it learns and develops new data collection techniques.

COMMUNICATION STRATEGIES

The performance pyramid shown in Figure 5 lies at the core of FSA's strategic direction. The performance pyramid shows the alignment and levels of employee responsibility and accountability for successfully achieving the Agency mission, implementing programs, equitable service delivery, and support. The performance of FSA managers is linked to one or more measures in the Plan. Ultimately, all employees' annual performance plans will be linked to the Plan so they can see how they fit in and to what extent they are personally accountable.

As a result of these internal and external reviews, FSA's strategic goals now crosscut traditional program lines and focus on societal outcomes. The first goal – **Supporting Productive Farms and Ranches** – is for FSA's core customer base of American farmers and ranchers. The second goal – **Supporting Secure and Affordable Food and Fiber** – is directed toward consumers and taxpayers at large. The third goal – **Conserving Natural Resources and Enhancing the Environment** – is for all of society and requires commitment from producers as well as State and Federal partners. All the strategic goals are supported by a cross-cutting management scorecard with performance measures that are grouped under the following major categories:

- Enhancing Outreach and Partnership
- Ensuring Civil Rights
- Strategically Managing Human Capital

- Improving Strategic Accountability
- Improving Business Process Effectiveness
- Improving Stakeholder Satisfaction

FSA's three strategic goals represent broad societal outcomes the Agency is striving to achieve; they are high level indicators of the impact on society made by the Agency. The goals are broad and far-reaching. Many factors (and likely many agencies and organizations) will play a role in their achievement. FSA can influence the end-outcomes but many factors will affect their realization and FSA has limited control at the end-outcome level. Recognizing these limits, the Agency remains fully committed to its contributions, which will ultimately affect progress toward these goals. FSA uses the Strategic Plan Framework (Appendix A) to graphically depict alignment and linkages among: strategic goals, end outcomes, intermediate outcomes/objectives, performance measures, and the Agency's products and services. The goals, outcomes, and performance measures in the Framework were the basis for this Plan, and employee performance at all levels of the organization will be tied to the performance measures in the Plan (See Figure 6). The Framework informs FSA employees of their roles and responsibilities, while serving as an external communication vehicle for sharing the intended results of FSA's products and services with its customers and other stakeholders. These strategic goals and performance measures will serve as the foundation for annual performance targets to be integrated with fiscal year performance budget estimates and requests.

FSA has implemented a number of strategies for communicating the contents of its 2005-2010 Strategic Plan. From early on, the Agency tapped all levels of its employees to play an active role in revising the Strategic Plan and creating the strategic goals and performance measures. As the new Strategic Plan began to take shape, the Agency enhanced its internal communication initiatives by engaging staff in all-employee communications, such as electronic newsletters, Administrator memoranda, video, and the BPMS intranet site.

The *Winds of Change*, a videotaped message to all employees from FSA's Administrator, communicated information about the implementation of BPMS and other change initiatives underway at FSA. The video can be viewed by employees on the BPMS intranet site at: http://bpms.wdc.usda.gov/bpms.htm. These communication pieces keep everyone informed of the positive changes occurring within the Agency. The Administrator feels very strongly that all employees must be kept abreast of the progress FSA is making toward becoming a result-focused, performance-oriented Agency. FSA assures all employees that the lessons of the past and the technologies of today will shape the direction of the future.

The Agency also developed a public Internet site, http://www.fsa.usda.gov/bpms, to improve communication about BPMS with FSA's stakeholders. This site will provide plans, progress reports, and other valuable information. FSA will continually update the public Internet site, adding new material as it becomes available and providing the public with an easily accessible information warehouse.

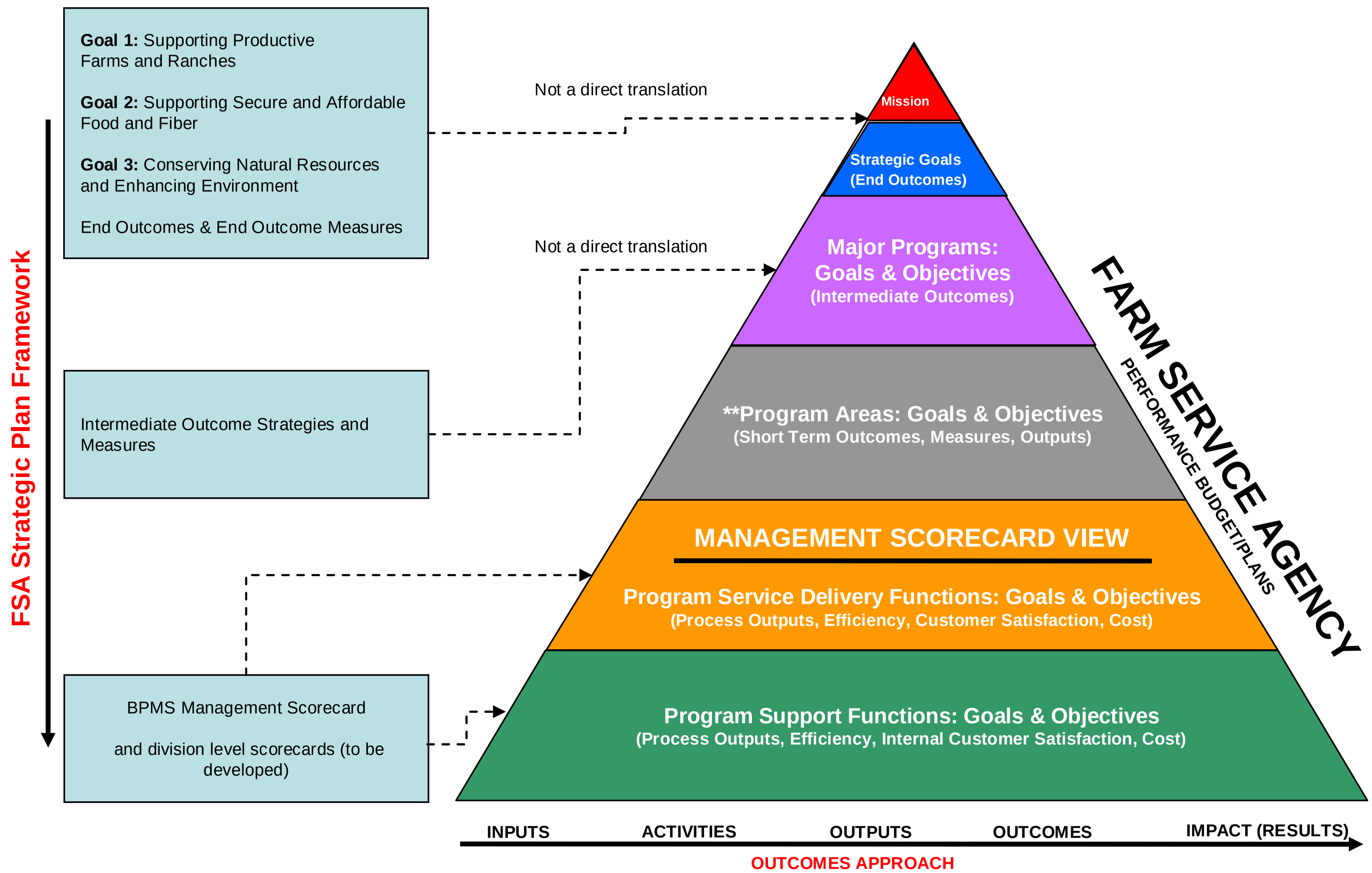


Figure 5. FSA's Strategic Plan Measurement Hierarchy. Pyramid shows how measures at the base roll up to achieve the mission. The levels are crosswalked, by color, to FSA's organizational chart showing level of accountability by organization (see Figure 6 on page 26).

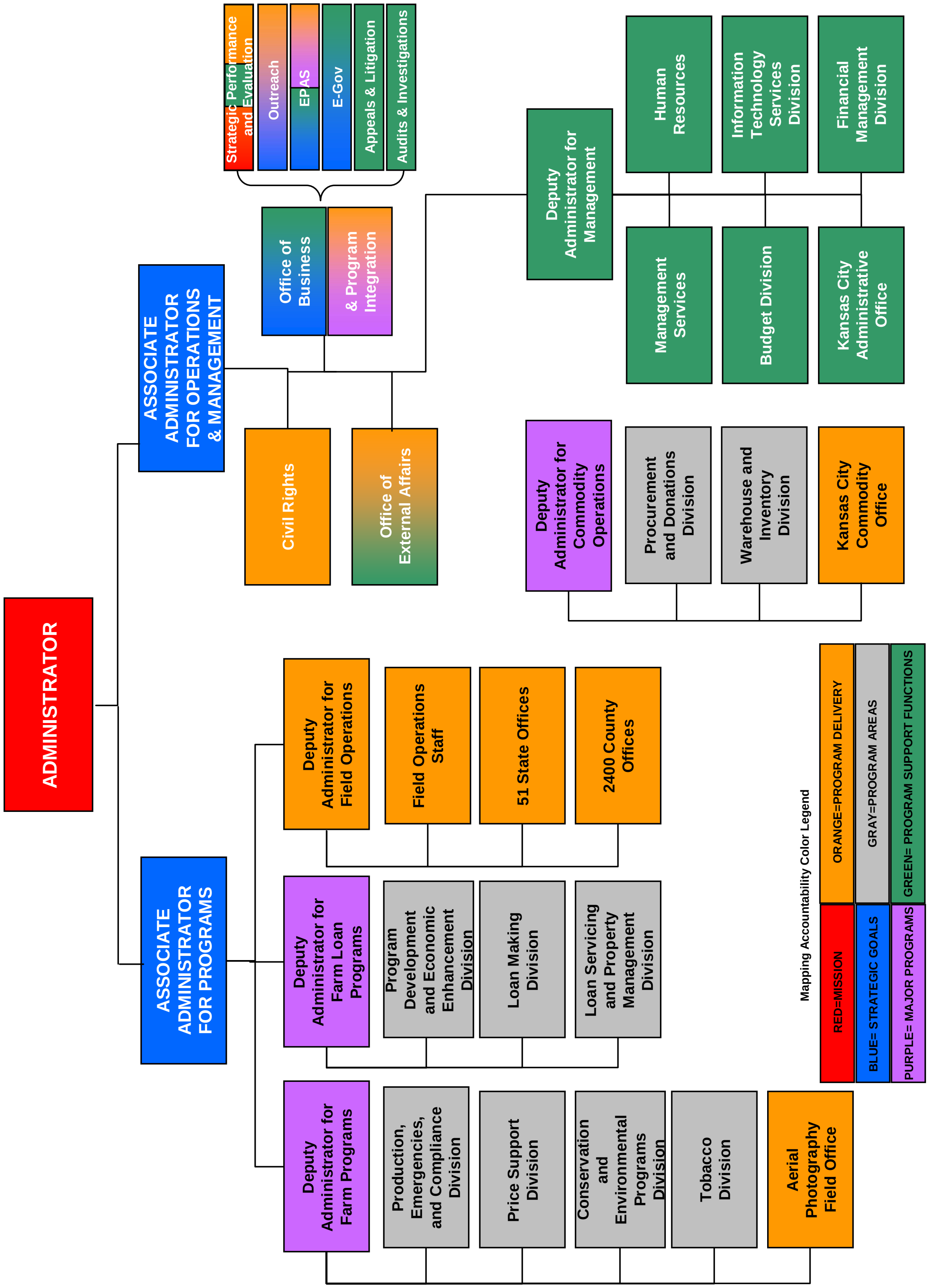


Figure 6. FSA Organizational Chart mapped to area of accountability (see Figure 5). Multiple colors in a block denote multiple areas of accountability.

AN INTRODUCTION TO FSA'S 2005 – 2010 STRATEGIC GOALS

To achieve FSA's mission of ***equitably serving all farmers, ranchers, and agricultural partners by delivering effective, efficient agricultural programs for all Americans***, FSA has developed three strategic goals that will guide our actions through the next six years. These goals are:

- **Goal 1: Supporting Productive Farms and Ranches,**
- **Goal 2: Supporting Secure and Affordable Food and Fiber, and**
- **Goal 3: Conserving Natural Resources and Enhancing the Environment.**

This Plan is a major improvement over previous plans in that FSA's strategic goals are no longer "stove piped" or aligned solely along existing program lines. Goals 1 and 2 crosscut farm programs, farm loan programs, and commodity operations. Goal 3 addresses conservation and environmental quality issues as did the previous plan, but Goal 3 is broader, signifying that individual programs work together to achieve societal outcomes (see Figure 7). All performance measures for these goals are outcome focused and include efficiency measures for each program area. FSA envisions that progress toward achieving these three new crosscutting strategic goals, all of which are supported by crosscutting managerial performance measures will demonstrate compliance with the President's Management Agenda and ensure the Agency is both customer- and results-driven. Most important, it will win approval from FSA's customers. This Plan maintains continuity with FSA's former Strategic Plan and complements USDA's Strategic Plan. Figure 8 illustrates these relationships.

FSA's strategic goals are interconnected, and the Agency has aligned all its resources to support them. For example, because many FSA programs support more than one strategic goal, every USDA Service Center provides program support for all three goals, and many Agency partnerships will work toward all three goals simultaneously. To make certain the Agency is making acceptable progress toward reaching these goals, the Plan sets specific measures, targets, and timelines against which FSA can evaluate its success.

Each of the following three sections is dedicated to one of these strategic goals. Each section provides a rationale for the goal and general information about the FSA programs and services that will be used to achieve the goal. The section then describes *End Outcomes*, very high-level results which are influenced by many variables, and identifies measures associated with those outcomes. The section then discusses *Intermediate Objectives*, which are more directly affected by FSA programs and services. The section also lists related performance measures. These are followed by *Means and Strategies*, which provide program-specific actions that FSA will take over the next six years to achieve the goal. Finally, the section covers those *External Factors* that could impede progress toward the goal. Wherever FSA may exert some control over those factors, the section briefly discusses actions FSA might take to mitigate their negative effects.

Strategic Goal Linkage - FSA to USDA to FSA

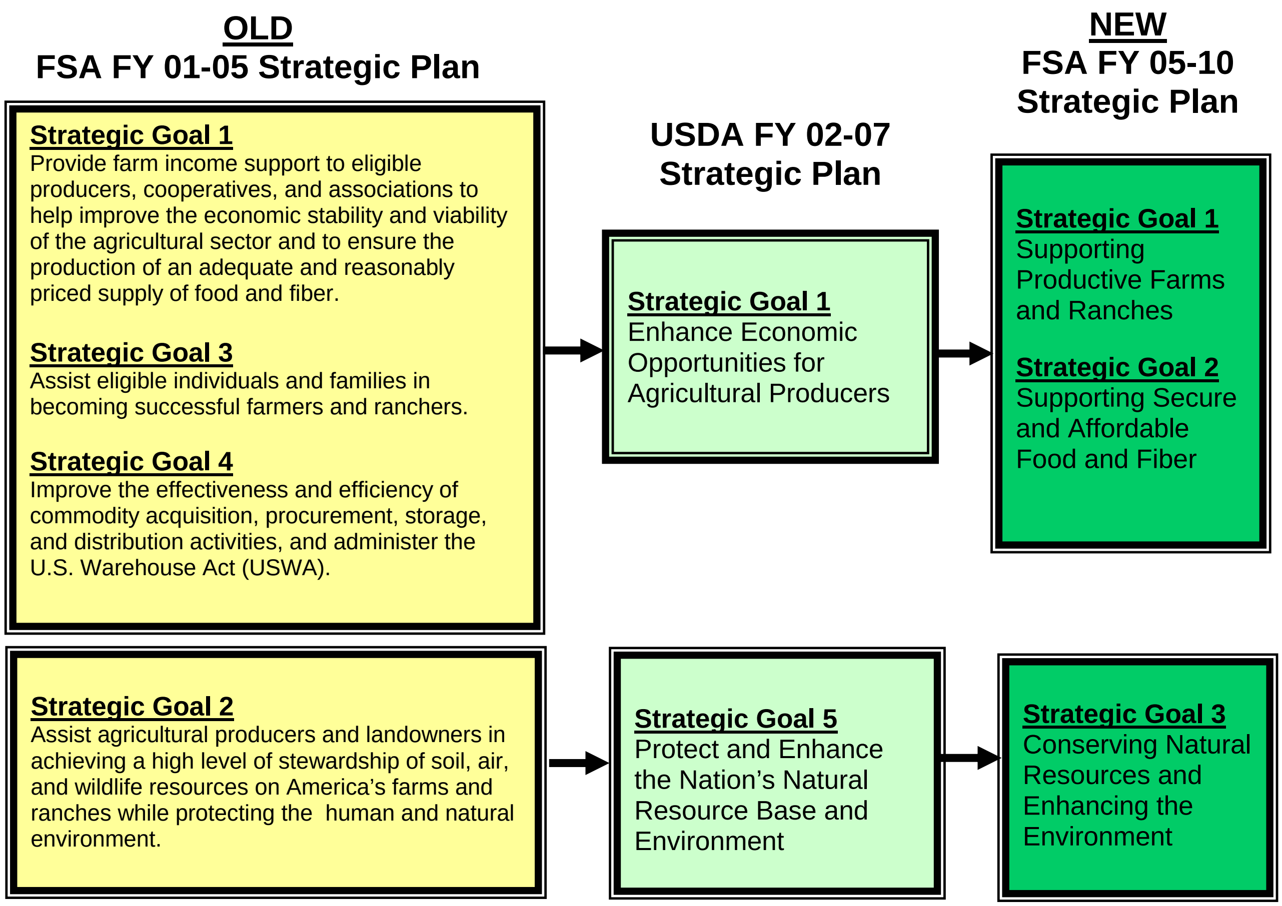


Figure 7. Linkage between FSA's previous strategic goals, USDA's current strategic goals, and FSA's new strategic goals.

STRATEGIC GOAL 1

SUPPORTING PRODUCTIVE FARMS AND RANCHES

Grain Harvest and Storage Facility

The Nation's agricultural industry relies on the economic stability of farms and ranches. This premise is so fundamental to our mission that our first strategic goal is supporting productive farms and ranches. To achieve this goal, FSA delivers farm operating and ownership loans, income support programs, disaster assistance, and commodity operations programs. These programs provide a financial *safety net* for farms and ranches, helping them stay productive, and support the Nation's agricultural communities.

Farming in the 21st century will require substantial resources and extensive management skills. FSA programs help agricultural producers:

- obtain the credit they need,
- manage the risks associated with farming,
- recover economically and structurally when natural disasters strike, and
- become good stewards of the land.

To provide income stability, FSA makes direct payments to farmers, ranchers, and eligible landowners. The Agency works diligently to provide assistance and marketing loans promptly, efficiently, and equitably. When natural disasters strike, FSA reacts quickly to help affected producers recover from their losses and restore their lands to pre-disaster productivity levels. Additionally, FSA partners with commercial lender to guarantee ownership and operating loans and makes direct loans to producers to finance operating expenses and farm ownership loans or to provide needed capital in times of an emergency. FSA also partners with the Risk Management Agency (RMA) to inform producers about the benefits of insuring their crops against disaster or market-related income losses. These programs – commodity, disaster, loan, and insurance programs – help ensure that America continues to have a productive agricultural sector.

Similar to the loan programs, FSA Commodity Operations programs help create additional market opportunities for farmers and ranchers. Commodity Operations serve to enhance a thriving agricultural community and to promote a more market-based agricultural sector. Specifically, warehouse receipts, authorized under the United States Warehouse Act, create enforceable title documents between warehouse operators and farmers with terms and conditions meeting the requirements of lending institutions. Recently, to create a vital efficiency, FSA moved warehouse receipts from a paper to electronic format. Electronic warehouse receipts (EWRs), when combined with other electronic documents, greatly reduce the time involved in marketing commodities and reduce associated business costs throughout the marketing chain.

Flooded Corn Field

Agricultural producers face severe economic losses caused by natural phenomena such as drought, excessive moisture, hail, wind, hurricane, tornado, lightning, insects or other animal pests, reduced prices, reduced yields, or any combination of these. Agricultural production is characterized by relatively small profit margins and cycles of good and bad production years. FSA works in partnership with the Risk Management Agency (RMA) to provide and support cost-effective means of managing risk for agricultural producers. This assistance is part of the economic *safety net* and improves the economic stability of agriculture through powerful risk-management tools designed to help farmers and ranchers protect their livelihoods in times of disasters or other uncontrollable conditions. These and other programs are integral to FSA's overall success in executing its Strategic Plan and reaching its end outcome goals:

END OUTCOMES

- Successful Farms and Ranches
- A Market-Based Agriculture Sector
- Thriving Agricultural Communities

FSA is committed to providing a market-oriented *safety net* which will encourage farmers and ranchers to become more independent of government support. FSA will do all it can to ease the transition, so that farmers may become more successful while becoming less dependent on government support.

The Farm Security and Rural Investment Act of 2002, or 2002 Farm Bill, made significant changes to commodity programs that increased farmers planting flexibility and strengthened the linkage between market price expectations and farmers planting decisions thereby minimizing commodity market distortions that have historically resulted from commodity price and income support programs. When establishing county loan rates, FSA reviews changes in commodity production and relative prices in order to reflect the dynamic nature of the market place. When establishing alternative loan repayment rates, FSA takes great care to assure that commodities say in commercial marketing channels and do not get forfeited to the CCC.

The Nation's total economy improves as farmers and ranchers build and sustain a stronger agricultural economy. Increases in farm ownership and profit contribute to a successful agricultural sector and stability in rural America. Thriving agricultural communities are important for the sustained economic growth of rural communities, and FSA is committed to do its part to help increase rural prosperity by continuing to support American agriculture.

Although FSA programs contribute to the accomplishment of these end outcomes, the Agency has somewhat limited influence over the many external factors that will influence success in achieving these outcomes. These end outcome measures are "Big Picture" items – directional indicators of the success of FSA's results at the intermediate level, which will be discussed in greater detail throughout the Plan. Performance in these areas will be evaluated and measured about every three years. This corresponds with GPRA requirements to review and consider updating the Strategic Plan every three years.

END OUTCOME MEASURES

SUCCESSFUL FARMS AND RANCHES

- Increased profit of farms and ranches.
- Increased percentage of farm ownership by racial and ethnic minorities and women farmers.

A MARKET-BASED AGRICULTURE SECTOR

- Increased percentage of gross farm income from non-governmental sources.
- Maintain or increase sales growth rate of agricultural products: domestic and exports.

THRIVING AGRICULTURAL COMMUNITIES

- Sustained or improved growth rate of per capita income in agricultural communities.

To support these three societal goals, we identify four intermediate strategic objectives over which FSA has more influence:

- ***Improving access to capital,***
- ***Mitigating market losses,***
- ***Mitigating losses from natural disasters, and***
- ***Expanding market opportunities***.

FSA's performance in meeting these intermediate objectives will be measured annually or quarterly, as appropriate. FSA will also work with the Administration and Congress to advance market-based policies to support U.S. agriculture in the next Farm Bill.

INTERMEDIATE OBJECTIVES

IMPROVING ACCESS TO CAPITAL

PERFORMANCE MEASURES

- M1: Increase the percentage of beginning farmers, racial and ethnic minorities, and women farmers financed by FSA.
- M2: Maintain or reduce loss rates for direct and guaranteed loans.
- M3: Reduce average processing time for direct and guaranteed loans.

FSA programs allow farmers and ranchers to acquire loans that they cannot obtain through traditional credit sources at reasonable rates and terms. FSA specifically allocates funds and offers programs to beginning farmers, racial and ethnic minorities, and women. By providing loans and loan guarantees, FSA aids and sustains the productivity of family-sized farms and ranches. FSA underwrites high-risk loans to minimize losses that result from loan defaults.

One major initiative that will improve FSA's loan programs is the development of a Web-based Farm Business Plan, which provides farmers and ranchers better business and management planning. This Web-based system also enables FSA to better manage its loan portfolio. Once the system is adequately populated with borrower data, FSA will be able to perform more thorough analyses of its borrowers' financial positions. This effort will lead to earlier identification of borrower financial weaknesses, enhanced performance measurement, and improvements in overall program management.

MITIGATING MARKET LOSSES

PERFORMANCE MEASURES

- M1: Maintain participation rate for direct and counter-cyclical payment programs.
- M2: Reduce average processing time for program benefits.

In an era of heightened global competitiveness, FSA must help American farmers and ranchers remain the leaders in the sale of agricultural products, domestically and abroad. To sustain and increase market share, it is critical that FSA assist the agricultural industry to minimize market volatility by mitigating market losses. The Agency's various income support programs provide financial assistance to farmers when market prices fall below certain levels. These price support programs enable continuous food production while minimizing market losses.

For example, the Dairy Price Support Program purchases nonfat dry milk, cheese, and butter from vendors and processors to support the price of fluid milk. The program also supplies surplus price support commodities to various food distribution programs and provides surplus commodities for market development. This helps maintain market prices at the legislated support level, thereby mitigating market losses. FSA will also continue working to reduce the average processing time for program benefits to strengthen the vital *financial safety net* that keeps farmers solvent during difficult times.

MITIGATING LOSSES FROM NATURAL DISASTERS

PERFORMANCE MEASURES

- M1: Increase percent of liabilities covered by insurance.
- M2: Reduce or maintain average processing time for emergency and disaster designations, program benefits, and emergency assistance loans.

FSA administers income support and disaster assistance programs as needed. In times of natural disaster, FSA's emergency loan program and disaster relief programs help return farms and ranches to their pre-disaster state as quickly as possible. These programs, along with Federal crop insurance programs, are essential to the economic *safety net* that helps American farmers and ranchers maintain their operations during challenging times. Reducing FSA's processing time for emergency loans and disaster assistance will help farmers and ranchers recover more quickly from disasters. As a result, the percentage of market losses should decrease for those farmers and ranchers affected by production disruptions. Additionally, an increase in the percentage of liabilities covered by crop insurance will help farmers and ranchers recoup a higher percentage of their losses.

EXPANDING MARKET OPPORTUNITIES

PERFORMANCE MEASURES

- Increase percentage of ethanol's and biodiesel's share of total transportation fuel usage.

Maintaining a competitive agricultural system is critical to the continued growth of the American economy. Through its programs, FSA supports expanding markets for a wide variety of commodities including dairy, meat, corn, wheat, wool, cotton, and many others. Some specific program examples are outlined below.

President Bush's energy development policy calls for increased production from renewable energy sources, and FSA programs fulfill a critical part of that policy. To expand market opportunities, FSA's bioenergy program makes payments to producers to offset part of the cost of buying commodities used to expand eligible bioenergy production, such as commercial fuel grade ethanol and biodiesel. Since the bioenergy program is scheduled for full phase out by the end of FY 06, FSA is currently developing a new performance measure which will be more in line with current funding priorities. The new measure will reflect FSA's activities and progress toward expanding alternative markets.

One program designed to expand market opportunities for producers is FSA's cotton competitiveness program. The program provides incentives for American-produced cotton to be domestically consumed or exported and assists domestic mills and exporters to compete in the world market.

MEANS AND STRATEGIES

To improve access to capital, FSA will continue to:

- Streamline handbooks, information collections, and regulations for the direct loan program. This will allow the Agency to focus resources on providing technical assistance, services, monitoring, and oversight, which are essential tasks in supporting high-risk beginning and socially disadvantaged borrowers. A similar effort completed for the guaranteed loan program streamlined all business processes, dramatically reducing the reporting burden for applicants and the Agency and leading to continued improvement in loan processing efficiencies. Comparable results are anticipated for the direct loan program once the streamlining effort is complete.
- Focus outreach efforts on increasing the amount of lending and technical assistance provided to beginning, minority, and women farmers and ranchers, which will help them to establish and maintain profitable farming operations. While FSA provides assistance to these groups in greater amounts than commercial lenders, there are opportunities for improvement.
- Develop partnerships with "1890" institutions of higher education [2] and other organizations to identify and assist minority farmers.
- Provide receipts through the U.S. Warehouse Act (USWA) which act as low-cost negotiable documents that can be used as security to obtain interim financing. These warehouse receipts improve marketing opportunities so producers can earn the best prices for stored commodities.

FSA will also:

- Facilitate and encourage electronic commerce to reduce costs and delays associated with marketing and delivering commodities.
- Develop streamlined methods of the disbursing program payments.
- Implement the Web-based Farm Business Plan system to provide farmers and ranchers better business and management capabilities.

To help mitigate producers' market losses, FSA will:

- Continue to publicize available program benefits to all eligible producers.
- Improve access to information through use of:
  - Web pages,
  - media mailing,
  - FSA Service Center newsletters, and
  - informational meetings for producers.
- Modernize information technology delivery systems.

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[2] These are Historically Black-serving colleges and universities created through the Federal land-grant system in 1890. These include: Alabama A&M University, Alcorn State University, University of Arkansas at Pine Bluff, Delaware State University, Florida A&M University, Fort Valley State University, Langston University, Lincoln University, Kentucky State University, North Carolina A&T State University, South Carolina State University, Southern University and A&M College System, Tuskegee University, University of Maryland Eastern Shore, Virginia State University, West Virginia State University, and the University of the Virgin Islands.

- Increase the availability of E-Government initiatives to allow producers 24-hour, 7-day-a-week access to farm programs. Current examples of FSA programs that can be accessed through the Internet include: electronic Loan Deficiency Payments (eLDPs), electronic Direct and Counter-Cyclical Program (eDCP), and electronic Milk Income Loss Contracts (eMILC).
- Collaborate with Cooperative State Research, Education and Extension Service (CSREES) to provide producers opportunities to learn commodity marketing skills and strategies to improve crop prices.

To mitigate the adverse results of natural disasters and provide relief to producers, FSA will:

- Encourage producers to purchase crop insurance for all insurable crops.
- Partner with RMA and CSREES to provide producers with information about Federal crop insurance and FSA's Noninsured Assistance Program (NAP), and other disaster assistance programs as they become available.
- Maintain linkage between FSA's Disaster Program payments and requirements to purchase Federal crop insurance or NAP coverage.
- Expand coverage of risk management tools.
- Modernize Information Technology delivery systems.
- Increase the use of Geographic Information System (GIS) to assess areas damaged by natural disasters and to speed up the delivery of disaster payments.
- Continue to expand the number of adequately trained loss adjusters.

To increase the percentage of market share for ethanol and biodiesel, FSA will:

- Continue coordinating with the Renewable Fuels Association, the primary ethanol industry association, and, the National Biodiesel Board, the primary biodiesel organization, to promote the use of the Bioenergy Program.
- Support increasing production and new production capacity.
- Inform producers and fuel industry groups of announcements and deadlines for the Bioenergy program, and make program information and required forms readily available to potential participants. This includes Internet access to all forms and program information. Beginning in FY 2005, electronic filing of all forms will be available, resulting in increased program efficiency and cost-effectiveness.

To achieve the objective for the cotton competitiveness programs, FSA will:

- Continue to work with the cotton industry to streamline the payment process and provide needed support to achieve the industry's goals.

EXTERNAL FACTORS

The desired outcomes described above are influenced by the natural and economic forces that make farming such a high-risk venture. Widespread or prolonged natural disasters can significantly reduce farm production and reduce net income. Substantial inflation in farm expenses or depressed commodity prices can have similar effects. As economic conditions deteriorate in the agricultural sector, it becomes more difficult for commercial rural lending institutions to deliver capital. This boosts the demand for FSA farm loan programs. Such conditions reduce borrower repayment ability, increase delinquencies and losses, and reduce the ability of direct borrowers to obtain guaranteed credit. These conditions will also dramatically increase Service Center employee workload, hindering FSA's ability to provide timely assistance to affected producers.

In light of theses possibilities, FSA encourages farmers to follow risk management practices such as purchasing crop insurance and using marketing tools such as forward contracting. In addition, depending on the severity of natural disasters, FSA temporarily moves personnel to affected areas to ensure emergency/disaster assistance is provided as quickly and effectively as possible.

Other external factors that challenge FSA's ability to achieve its desired outcomes include:

- Acceptance of E-Gov initiatives;
- Acceptance and demand for renewable fuels;
- Availability and price of fossil fuels resulting in a change in demand for and competitiveness of biodiesel and ethanol;
- International trade agreements that influence U.S. price support programs;
- Adoption of cotton alternatives in the textile industry, leading to a decline in cotton demand; and
- Conversion of currently supported commodity acreage and production capacity to alternative crops or to non-agricultural uses.

As with all Federal programs, FSA's ability to successfully achieve its goals and performance targets (see Appendix C) is substantially influenced by the Agency's budget.

STRATEGIC GOAL 2

SUPPORTING SECURE AND AFFORDABLE FOOD AND FIBER

FSA programs promote an abundant and safe food supply.

The result of the FSA financial *safety net* discussed in Strategic Goal 1 is year-round availability of a variety of low-cost, secure, and nutritious foods for all Americans and for food aid recipients worldwide. FSA purchases and delivers food aid to recipients in needy countries who benefit from U.S. humanitarian food aid through the United States Agency for International Development's (USAID) programs. FSA also purchases and delivers food aid to recipients of U.S. food distribution programs including:

- The National School Lunch Program,
- The Commodity Supplemental Food Program
- The Emergency Food Assistance Program, and
- The Food Distribution Program on Indian Reservations.

In addition, FSA supports a secure supply of food and fiber through the administration of the USWA and enforces licensing requirements for commodity storage facilities. FSA reduces contamination from improper storage practices and provides adequate and secure storage capacity for the Nation's commodities. Reducing, controlling, or eliminating agricultural pest and disease outbreaks requires partnerships and a steady stream of new technologies and processes to detect, analyze, and verify the emergence of pests and disease before they become economic or public health threats.

More than 800 million people worldwide, most of them children, suffer from hunger and malnutrition. As the world's leader in distributing food aid and other humanitarian assistance, the U.S. provides more than 50 percent of total worldwide food assistance to combat hunger. Working with USAID and through USDA, American universities, faith-based organizations and other non-profits, FSA will continue to meet immediate food-aid needs, domestically and internationally, while seeking long-term solutions to alleviate global food insecurity.

The protection and safety of the Nation's food production is a constant concern for producers and the industries that transport, store, process, and deliver food products to the public. The Agency's commodity, price, and income support programs continue to be a testament to the country's commitment to maintaining a balanced food and fiber industry. Commodity, price, and income supports help to stabilize American farming and ranching operations.

Privately owned cropland, rangeland, pastureland and forestland form the backbone of the Nation's vibrant agricultural economy. To support a secure and affordable food and fiber supply, FSA identified three strategic objectives and a number of performance measures (efficiency and outcome-oriented) that will increase the probability of achieving the Agency's desired end outcomes.

END OUTCOMES

- Affordable Food and Fiber
- Secure Supply of Quality Food and Fiber
- Effective Food Aid

To achieve these outcomes, FSA will continually work to deliver programs that help America remain the world's leader in delivering an abundant, safe and affordable food and fiber supply to its population. Americans spend less on food as a percentage of their disposable income than any other country in the world, and FSA is working to ensure that the Nation's farmers and ranchers make a decent living while supplying the public with safe, affordable, and diverse choices of agricultural products.

FSA will also work with its partners to secure the Nation's food and fiber supply. Agency staff will work with Homeland Security experts and other USDA agencies to ensure that commodities stored in FSA-approved facilities remain safe. FSA will also do its part to help mitigate food deficiencies in the United States and abroad, and will work to streamline internal processes so that food will continue to reach needy populations on time and according to contract specifications.

FSA will periodically evaluate the effectiveness of its programs to ensure that tax dollars are being used wisely and in direct support of programs that deliver the intended results. While FSA programs contribute to the accomplishment of these strategic end outcomes, the Agency recognizes its influence over them is limited. The end outcome measures listed below are directional in nature and are indicators of FSA's results and performance at the intermediate level. FSA will measure progress at the end outcome level typically every three years, while the Agency's performance in meeting the intermediate objectives will be measured on an annual or quarterly basis, as appropriate, in accordance with GPRA.

END OUTCOME MEASURES

AFFORDABLE FOOD AND FIBER

- M1: Sustained global leadership in percentage of disposable income used for food.
- M2: Reduced percentage of acreage permanently converted to non-agricultural use.

SECURE SUPPLY OF QUALITY FOOD AND FIBER

- M1: Reduced percentage of contamination instances resulting from improper storage practices.

EFFECTIVE FOOD AID

- M1: Increased percentage of recipients in food-insecure countries benefiting from U.S. humanitarian food aid internationally.
- M2: Increased percentage of "At Risk" domestic recipients benefiting from U.S. food distribution programs.

INTERMEDIATE OBJECTIVES

SUPPORTING DOMESTIC AGRICULTURE

PERFORMANCE MEASURES

- M1: Increase the percentage of agricultural outreach performed through partnerships.
- M2: Increase the percentage of FSA employees demonstrating understanding of FSA programs and responsibilities through training and certification.

Due in part to the USDA Service Center initiative and FSA's extensive presence in rural areas, many stakeholders view this Agency as the frontline or the "face" of the USDA. During the development stage of this Plan, farmers and ranchers expressed concern for the future of American agriculture and encouraged FSA to "do more to promote domestic agriculture." FSA listened to their pleas. The Agency is taking steps toward strengthening partnerships with other USDA agencies – CSREES and NRCS – State Departments of Agriculture, agricultural trade groups, and community- and faith-based organizations to help promote domestic agriculture to the American public, and especially to the Nation's youth. There was a general sense among the stakeholders that "American agriculture is on the decline" and that farming is not an option for today's youth because of poor returns on investment and lack of public appreciation for agriculture.

How can this be the case when agriculture is such a vital part of this Nation's economy? The answer lies in urbanization, industrialization, and the trend toward larger farming operations. Throughout much of the history of the United States, agriculture and education have been closely related. During the decades when most Americans lived on farms or in small towns, Americans understood the importance of a strong and vibrant agricultural sector. They understood the impact that agriculture had on their daily lives, but as the farm population shrank in the 1920s, 30s, and 40s and agricultural emphasis decreased in school books and educational materials, Americans, especially those living in urban areas, became disconnected from their food source. With increased urbanization came a corresponding decrease in the appreciation and understanding of agriculture. FSA is working to reverse this trend by increasing agricultural awareness and promoting domestic agriculture. FSA is working to strengthen its relationships with CSREES, the agency responsible for the national *Agriculture in the Classroom* program (**http://www.agclassroom.org/**) and the State and local organizations that help deliver this program and its agricultural awareness curriculum to American students.

Additionally, FSA will continue to work with agricultural producers to help them adapt to the ever-changing trends in consumer preferences. It has become obvious over the past decade that Americans' tastes and food preferences are changing. As trends in food consumption change, the Nation's farmers and ranchers must be ready and equipped to adapt to these changes. FSA will do its part to help ensure that American farmers and ranchers have the capacity and ability to satisfy changing demands for agricultural products. The marketplace has room for organic foods, health foods, and pre-packaged convenience foods, and the agricultural sector must be poised to meet these ever-changing consumption trends. Food safety is rapidly becoming an issue for the American public, and FSA will work with its agricultural partners to ensure that Americans continue to enjoy a safe and affordable food and fiber supply.

Providing Adequate, Secure Storage Capacity that Maintains Quality

Performance Measures

- M1: Maintain or increase the percentage of capacity of approved and licensed storage facilities.
- M2: Reduce the percentage of warehouses with violations.

FSA plays a vital role in providing a secure supply of quality food and fiber through its stewardship of Agency-administered programs. FSA's past security efforts focused on ensuring the adequate capacity of approved and licensed storage facilities, minimizing warehouse violations, and reducing the amount of stored products that go out of condition. However, the events of September 11, 2001, placed even greater responsibilities on FSA to secure America's food supply. Now, due to the threat of terrorism, FSA cannot limit itself to administering programs based solely on narrowly focused food safety models. Instead, the Agency must expand its focus by developing more comprehensive security models to meet the challenges of today's environment. Therefore, FSA is implementing innovative programs and establishing partnerships with the Department of Homeland Security (DHS) to manage these new and dangerous challenges.

In working with DHS, the Agency is taking an active role in developing comprehensive, written Homeland Security requirements. FSA communicated requirements for completing a risk assessment and developing a Homeland Security Plan to warehouse operators in 2004; therefore, FY 2005 will be used as the baseline for this measure. Targets will be established once the baseline is determined. Additionally, FSA will conduct an internal risk assessment, scheduled for completion in 2005, to identify additional vulnerabilities of USDA commodity inventories and to develop countermeasures that improve the security of such commodities. FSA will update Homeland Security requirements based on the risk assessment findings.

Improving the Purchase and Delivery of Food Aid

Performance Measures

- M1: Reduce the percentage of short-filled contracts.
- M2: Increase the percentage of food aid delivered within contract specifications.

A dynamic, global, agricultural market looms on the horizon and presents enormous opportunities for the agricultural industry. To help farmers and ranchers exploit these opportunities, FSA is positioning itself to work more effectively by administering domestic agricultural programs that will increase the percentage of recipients in food-insecure countries. FSA also aims to increase the percentage of "at-risk" domestic recipients benefiting from U.S. food distribution programs from agencies like the Bureau of Indian Affairs and other Federal, State, and private agencies' food assistance programs.

FSA has an excellent track record for delivering its agricultural products on time and within contract specifications. However, FSA can still improve performance by reducing the instances where shipments fell short of expectations regarding the quality or quantity of food delivered. To improve the purchase and delivery of food aid, FSA is executing internal practices that should reduce the percentage of such short-filled contracts, thus improving the delivery of food aid to needy recipients. Additionally, FSA is working to indirectly increase domestic recipients benefiting from U.S. food distributions and goodwill programs by more effectively managing contracts that support the delivery of food products.

MEANS AND STRATEGIES

To achieve the objectives under this Goal, FSA will continue to:

- Increase national training of Farm Programs;
- Employ a temporary detail of program specialists in areas of need using a train-the-trainer model;
- Administer the USWA to provide a safe, secure supply of food and fiber;
- Work with other USDA agencies, USAID, non-profit organizations, and American universities to meet immediate food aid needs while seeking long-term solutions to improve global food security;
- Provide commodity, price, and income support to stabilize American farming and ranching operations; and
- Increase the amount of agricultural outreach performed through partnerships and take steps to increase employee understanding of FSA programs and responsibilities through training and certification.

FSA will also continue to build its partnerships and work in concert with various agencies to deliver a variety of low-cost, secure, and nutritious foods for needy Americans and food aid recipients worldwide through the following programs and program authorities:

- National School Lunch Program,
- Commodity Supplemental Food Program,
- Emergency Food Assistance Program,
- Food Distribution Program on Indian Reservations,
- Public Law 480 Title II and III Programs,
- Food for Progress,
- Global Food for Education, and
- Section 416(b) of the Agricultural Act of 1949, as well as others.

For homeland security, FSA will continue to:

- Require that warehouse operators conduct risk/vulnerability assessments of their facilities and establish procedures that include measures to protect commodities stored under storage and license agreements; and
- Require suppliers of commodities, products, and/or services to be responsible for placing seal(s), meeting criteria established by FSA, on all doors for each transportation conveyance upon completion of loading or servicing. The seal number(s) shall be entered on the bill of lading which must be signed or acknowledged by the carrier or its agent.

EXTERNAL FACTORS

External factors that will challenge FSA's ability to achieve its desired outcomes and program results under Goal 2 include:

- Domestic and international macroeconomic factors, including consumer purchasing power, the strength of the U.S. dollar and competing currencies, and political changes in other countries that can significantly influence domestic and global markets;
- Continued low commodity prices worldwide;
- Global competition in the export sector;
- Lack of collaboration between the public and private sectors that play a large role in food safety, security, and emergency preparedness;
- Adverse weather conditions; and
- Lack of funding for developing and implementing proposed electronic program delivery initiatives.

STRATEGIC GOAL 3

CONSERVING NATURAL RESOURCES AND ENHANCING THE ENVIRONMENT

This constructed wetland near Jackson Hole, Wyoming, will provide good habitat for migrating waterfowl.

Sound environmental stewardship of agricultural land benefits wildlife and provides food and fiber to Americans and the rest of the world. Conservation of the Nation's cropland, forests, and grazing land helps provide clean water and air, protects soil productivity, and benefits wildlife populations.

Farmers, ranchers, and private forest landowners manage two-thirds of the Nation's land. They are the primary stewards of American soil, air, and water. To ensure that our Nation's landowners have the needed tools to be good stewards, FSA has traditionally taken aggressive leadership in helping agriculture with conservation programs designed to provide environmental benefits.

Agriculture affects natural resources and the environment. FSA administers conservation programs with producers and other partners, particularly NRCS. The Agency's goal is to protect natural resources and environmental interests while supporting the Nation's farmers and ranchers in retaining soil productivity, improving water and air quality, and enhancing wildlife habitat.

FSA programs also support compliance with provisions for highly-erodible lands and wetlands by improving conservation practices and increasing the number of acres with conservation cover. FSA provides incentives to target conservation benefits through the following programs:

- Emergency Conservation Program (ECP),
- Debt for Nature Program,
- Conservation Reserve Program (CRP), and
- Grassland Reserve Program (GRP).

The Agency also partners with State and local governments to target specific problem environmental areas through the Conservation Reserve Enhancement Program (CREP). FSA works to limit the negative effects of agricultural production by supporting the restoration of wetlands and helping farmers and ranchers install riparian and grassland buffers. Through ECP, FSA will continue to help farmers restore lands damaged by natural disasters and install wells in times of prolonged droughts.

Farmers and ranchers have done a great deal to improve the environment in the past 20 years. Soil erosion decreased by more than 1 billion tons per year, and for the first time in the Nation's history, net acres of wetlands increased. Many sportsman groups have seen huge increases in pheasant and duck numbers in the past 20 years. These significant improvements in environmental quality result partly from programs implemented by the Farm Service Agency. To maintain effectiveness in this area, FSA established three major strategic objectives and a number of efficiency and outcome-oriented performance measures to achieve its end out-comes.

END OUTCOMES

- Quality Soil
- Quality Water
- Quality Wildlife Habitat
- Quality Air

Because two-thirds of the Nation's land belongs to farmers, ranchers and other private landowners, FSA offers them assistance to offset the cost of stewardship of these private lands by providing economic incentives and reimbursements for conservation maintenance practices. By maintaining a high level of stewardship, FSA protects the human and natural environment. These outcomes help the Nation meet society's demand for improved environmental quality and ultimately benefit society at large. To achieve these goals, FSA will continue to partner with the Environmental Protection Agency (EPA), NRCS, U.S. Fish and Wildlife Service, and other State and private conservation and environmental organizations to maintain a high level of stewardship of the Nation's land, air, and water.

END OUTCOME MEASURES

QUALITY SOIL

- M1: Reduced erosion rates.

QUALITY WATER

- M1: Reduced ground and surface water contamination.

QUALITY WILDLIFE HABITAT

- M1: Increased populations of targeted species.

QUALITY AIR

- M1: Increased tons of carbon dioxide sequestered.

INTERMEDIATE OBJECTIVES

IMPROVING CONSERVATION PRACTICES

PERFORMANCE MEASURES

- M1: Maintain or increase the percentage of acres in compliance with highly erodible land and wetland provisions.
- M2: Increase the percentage of conservation acres with invasive species controls.

FSA plays a role in combating invasive species, and is poised to provide and/or cooperate in innovative conservation and environmental protection partnerships in that needed effort. FSA will increase the percentage of acres with invasive species controls by:

- Ensuring proper planting and management standards are used to establish a vegetative cover on the 34.9 million acres in long-term CRP contracts. This includes oversight, review, and spot checks to certify that invasive species are controlled. Participants are encouraged to use native legumes, forbs, shrubs and plant mixes and to ensure the approved seeding mix does not include weed species, including noxious weed species. Producers are also required to control weeds (including noxious weeds), insects, and other pests during the contract period.
- Using GRP rental agreements to assure that GRP land is managed to maintain the vitality of the plant community. Conservation plans will require management practices necessary to control invasive species.

FSA also requires producers to comply with sodbuster and swampbuster provisions as a condition for receiving USDA benefits. With conservation compliance through approved conservation plans, more erodible land is protected and there is less agricultural production on wetlands.

TARGETING LANDS TO MAXIMIZE CONSERVATION BENEFITS

PERFORMANCE MEASURES

- M1: Increase acres managed under Continuous Conservation Reserve Program (CRP) sign-up.
- M2: Increase general sign-up acres in priority areas.
- M3: Reduce average processing time of conservation offers through partnerships and technology: FSA time and partner time.

The Conservation Reserve Program remains the largest Governmental conservation program for private lands. Current enrollment exceeds 34 million acres, with CRP lands in all 50 States and Puerto Rico.

The CRP continues to be acknowledged for its environmental benefits generated by long-term conservation contracts protecting soil, water, air, and wildlife resources. By establishing conservation covers on cropland for 10 to 15 years, CRP assures that Americans receive an environmental annuity.

In 2003, the CRP:

- Reduced soil erosion by 446 million tons,
- Reduced nitrogen applications by 661,000 tons and phosphorus applications by 103,000 tons, and
- Sequestered more than 17 million metric tons of carbon dioxide.

Land is targeted and enrolled in the CRP precisely where the conservation benefits are likely to have the greatest effect. Land is not homogenous, so targeting specific areas and practices increases the benefits from conservation. FSA also seeks to improve service and program delivery by decreasing the average conservation contract processing time. Partnerships with State governments via CREP target critical resource areas affected by agricultural production and allow for locally tailored conservation solutions and measures.

FSA intends to keep its policies and conservation programs focused on:

- reducing erosion rates,
- slowing ground and surface water contamination,
- benefiting wildlife populations, and
- increasing tons of carbon dioxide sequestered.

MITIGATING ADVERSE IMPACTS FROM AGRICULTURAL PRODUCTION

PERFORMANCE MEASURES

- M1: Increase CRP acres of riparian and grass buffers.
- M2: Increase percentage of CCC sites where remediation is implemented.
- M3: Increase CRP restored wetlands acres.

The 2002 Farm Bill was landmark legislation. It sharpened FSA's focus on the environment by providing the most significant increase in funding for conservation on private lands in the Nation's history. The conservation provisions in the Farm Bill allow FSA to help farmers and ranchers meet the many environmental challenges that may affect their land.

Making conservation buffers and other highly beneficial practices eligible for continuous enrollment helped increase program participation rates and gained greater environmental benefits. Since the inception of these programs through the close of FY 2004, CRP, CREP, and Continuous CRP have enrolled 34.9 million acres, including:

- 1.6 million acres of riparian buffers and grass filters that provide cleaner water by intercepting sediment and nutrients before they reach surface waters.
- 1.9 million acres of wetlands and wetland buffers that increase prime wildlife habitat and water storage capacity, leading to a net increase in wetland acres on agriculture land.

To ensure the continued success of this conservation effort, FSA developed program goals and performance measures to monitor progress and demonstrate effective stewardship of the Nation's land, air, and water.

Means and Strategies

To achieve the objectives for the Conservation Reserve Program, FSA will:

- Pursue the President's commitment to full enrollment of CRP up to 39.2 million acres authorized in the 2002 Farm Security and Rural Investment Act.
- Ensure that the benefits of CRP continue by offering early reenrollments and extensions of existing contracts to current CRP participants.
- Partner with other agencies and organizations to promote conservation and ensure that all producers are made aware of program deadlines and requirements.
- Target CRP enrollment to ensure that CRP continues its strong protection of the environment and natural resources, including enhancing wildlife habitat, improving air quality, reducing soil erosion and protecting surface and groundwater quality.
- Seek public comment to improve the conservation provided by the CRP.

External Factors

External factors that will challenge FSA's ability to achieve its desired outcomes and program results under Goal 3 include:

- The characteristics of the enrolled lands depend on which lands are offered for contract, because CRP is a voluntary program;
- Favorable market prices that may entice producers into leaving targeted lands in crop production.
- Natural disasters or severe drought which may diminish program participation;
- Non-compliance with program provisions that may reduce the effectiveness of the program.
- Demand for enrollment which may exceed authorized enrollment levels;
- Appropriations that may be insufficient to deliver technical assistance, provide cost-sharing assistance to rehabilitate farmlands damaged by natural disasters, and continue remediation efforts at former CCC grain storage facilities; and
- Exposure to hazardous substances, which may pose a threat to human and animal health and the environment, could also reduce the acreage available for program participation.

CROSSCUTTING MANAGEMENT INITIATIVES

OVERVIEW OF FSA MANAGEMENT INITIATIVES – BPMS MANAGEMENT SCORECARD

To make sure the infrastructure is in place to achieve its strategic goals and objectives, FSA is implementing management initiatives to better align its internal capabilities with Agency responsibilities, mission, vision, strategic goals, and objectives. This section of the Plan describes each of the following:

- **Enhancing Outreach and Partnerships**
- **Ensuring Civil Rights**
- **Strategically Managing Human Capital**
- **Improving Strategic Accountability**
- **Improving Business Process Effectiveness**
- **Improving Stakeholder Satisfaction**

Internal and external stakeholders identified these areas as most critical during FSA's many discussion sessions.

In 2004, FSA developed a Management Scorecard with performance measures designed to ensure the success of these initiatives. The scorecard holds senior managers and employees accountable for achieving key results tied to the 2005-2010 Strategic Plan as well as day-to-day program management and administration. FSA is piloting this concept within USDA to improve customer satisfaction, to better manage its workforce, and to streamline internal business processes. The performance measures in the Scorecard will link all FSA employees, including those in administrative or support functions, directly to this Plan. The Scorecard will be combined with other assessments to determine the success of FSA programs. These assessments may be conducted within USDA (e.g., Office of the Inspector General (OIG)), or externally (e.g., Government Accountability Office (GAO)).

ENHANCING OUTREACH AND PARTNERSHIPS

An FSA Loan Officer works with a new immigrant producer.

Operating alone, FSA cannot reach its Strategic Goals. The Agency's success depends, at least in part, on effectively managing its traditional partnerships and relationships, and creating new partnerships with farmers, ranchers, bankers, agricultural trade organizations, and a host of private sector and public institutions, as well as non-profit, community- and faith-based organizations (see Figure 8). FSA continuously nurtures its partnerships, large and small, because the Agency's partners significantly contribute to its mission of strengthening the U.S. agricultural sector.

FSA began developing partnerships soon after it was created. Over the years, the Agency has strengthened strategic partnerships by reaching out to other Federal and State agencies, local organizations, non-profit associations, and private organizations to leverage valuable resources and fulfill its mission. For example, FSA relies on NRCS to provide technical expertise to conservation program participants. NRCS employees make recommendations for conservation practices and ensure program compliance while FSA administers the financial aspects of these Congressionally-mandated programs. This partnership substantially improves the environment which benefits program participants and society at large.

To help producers improve their marketing and financial management skills, FSA partners with CSREES to hold classes and informational meetings on these subjects. FSA and CSREES also work together to host seminars, co-sponsor agricultural expos, and hold information meetings to help producers understand the benefits and requirements of new FSA programs. When the 2002 Farm Bill legislation was passed, FSA partnered with CSREES, NRCS, the National Association of State Departments of Agriculture, and many agricultural commodity organizations to hold informational "town hall" meetings to outline the provisions of the legislation and explain programs to producers and other interested stakeholders. Without these partnerships, FSA could not have reached as many producers and program enrollment would have likely been lower.

FSA's Outreach Program staff identifies and works with internal and external partner organizations and customers to overcome barriers to program participation faced by underserved farmers and ranchers. The program places special emphasis on increasing the diversity of FSA's customers by reaching out to ***new or beginning farmers and ranchers, members of racial and ethnic minority groups, and women.*** An Outreach Coordinator is assigned to each State and Puerto Rico to assist customers in every locality. For the duration of this Strategic Plan, FSA will focus its initiatives to achieve the two related end outcomes identified below.

PERFORMANCE MEASURE

- M1: Increase percentage of program participation by members of targeted groups.
- M2: Increase percentage of FSA resources and services enhanced through effective partnerships.

Outreach is the responsibility of everyone within FSA. To achieve FSA's mission, it is essential that every farmer or rancher have an equal opportunity to participate in FSA programs. FSA places special emphasis on reaching farmers and ranchers ***who are members of a racial or ethnic minority group, new or beginning farmers or ranchers, or women*** to bring them on par with other farmers and ranchers in terms of program participation and farm ownership.

FSA County Committees are instrumental in administering FSA programs at the local level. To assure that all farmers have a voice in program administration, the Agency is committed to increasing the participation of all farmers and ranchers on the FSA County Committees, with an emphasis on participation by ***new or beginning farmers and ranchers, minority producers, and women.***

FSA will enhance County Committee election outreach and communication efforts by ensuring appropriate and timely publicity to inform and remind ***all potential customers*** of nomination and election deadlines. FSA will also ensure that all written election materials are available and prominently displayed in county offices, disseminated in the local area, and provided to all group contacts.

FSA is equally committed to ensuring that every eligible person is informed of and given equal access to all USDA programs. To honor this commitment, FSA has deployed a new *Minority Farm Register* system as a vehicle to promote equal access to all USDA farm programs and related services. FSA's registration bank will allow the Agency to reach a broader range of agricultural producers and landowners.

The USDA *Minority Farm Register* is a database of information on minorities and others who have authorized the release of personal contact information by race and other personal data to promote their equal access to USDA farm programs and services. Participants may receive information or be contacted personally through USDA outreach efforts. USDA has received a three-year authorization for initial data collection. Further data collection requirements will be assessed and future data collections with reduced public reporting burden are likely so that the database may be kept current.

Several of FSA's partnerships are helping the Agency to fulfill its mission, achieve its strategic goals, and improve overall program delivery systems. Partnerships with other USDA agencies (e.g. CSREES and NRCS) and non-profit organizations that focus on the changing needs of the agricultural community such as Future Farmer's of America, American Farm Bureau, American Agri-Women, and Minorities in Agriculture and Natural Resources and Related Sciences link directly with the FSA's objectives of increasing program participation among members of racial and ethnic minority groups and promoting domestic agriculture.

Additionally, FSA will continue to use its partnerships to meet its human capital management objectives of addressing recruitment needs for qualified job candidates for Washington D.C., State and county offices and diversifying the Agency's workforce. In FY 2004, FSA received a government-wide service award in recognition of its efforts to help disabled individuals in rural America obtain meaningful employment. The award recognized FSA's support of the Javits-Wagner-O'Day (JWOD) Program, whose participating organizations provide jobs for blind and severely disabled citizens. FSA will continue to partner with the Department of Labor and participate in the JWOD Program to meet its workforce and procurement needs.

FSA is also a key partner in USDA's Agricultural Mediation Program, which helps resolve many disputes raised by program participants including issues related to: farm loans, price support programs, disaster programs, wetland determinations, conservation compliance, and CRP eligibility and payment limitation. Most of the 32 certified State mediation programs working with FSA also provide mediation training and consulting services to producers, lenders, and other USDA agencies. FSA's mediation program is growing because it works for the participants and the Agency. In FY 2005, it is anticipated that more than 4,800 customers will turn to mediation to resolve their issues. In response to this demand, FSA's Outreach Program staff has made specific efforts to expand mediation services in the Southeast. In the future, FSA's efforts will focus on encouraging 1890 and 1994 Land Grant Colleges and Universities to become certified to provide expanded mediation programs for farmers and ranchers.

FSA's partnerships also benefit the American public. Many FSA Service Centers are sites for local farmers' markets, which provide outlets for producers and a supply of fresh fruits, vegetables, herbs, and other agricultural products for local residents. FSA also partners to deliver humanitarian aid to needy consumers. During FY 2004, FSA started the *National Non-profit Humanitarian Initiative* to donate surplus nonfat dry milk (NDM) to non-profit, faith- and community-based organizations (CBOs). Partnering with faith-based and CBOs to provide a healthy food staple builds on the Government's current *Faith-Based and Community Initiative*. Since the beginning of the program, FSA has provided NDM to more than 70 qualified non-profit charitable organizations, including many that do not currently participate in the distribution of USDA commodities. These CBOs have distributed the product to hundreds of local organizations in almost every State, which in turn, have distributed the product to individuals and families in need. This donation program is expected to continue in future years and will likely benefit thousands of hungry people throughout the U.S.

FSA also provides surplus CCC stocks of NDM to livestock producers in drought-stricken areas. FSA offers the surplus NDM, which is neither intended nor destined for human consumption, at a nominal cost to livestock producers through a partnership with State governments, the U.S. Drought Council, and local feed dealers. This feed alternative is made available to producers in areas hardest hit by prolonged drought.

FSA partners with many different organizations and, in FY 2005, will develop a more complete list of its partnerships in order to evaluate their effectiveness. FSA plans to develop the tools needed to systematically and objectively evaluate the merits of its partnership agreements, and will work with its partners to determine best management practices that can be emulated in developing new mission-related partnerships.

<table>
<tr><th>STRATEGIC GOAL 1
SUPPORTING PRODUCTIVE FARMS AND RANCHES</th><th>STRATEGIC GOAL 2
SUPPORTING SECURE AND AFFORDABLE FOOD AND FIBER</th><th>STRATEGIC GOAL 3
CONSERVING NATURAL RESOURCES AND ENHANCING THE ENVIRONMENT</th></tr>
<tr><td>• Private and Cooperative Lending Institutions
• Land Grant Universities/Cooperative State Research and Education Service (CSREES) (i.e., Cooperative Extension Service)
• State Agriculture Finance Programs
• Risk Management Agency (RMA)
• Bio-based Products and Bioenergy Coordination Council</td><td>• Foreign Agriculture Service
• USAID
• Food and Nutrition Service
• Agricultural Marketing Service
• National Association of State Departments of Agriculture
• National Grain and Feed Association
• Electronic Warehouse Receipt Providers
• National Cotton Council
• American Peanut Shellers' Association
• North American Millers' Association</td><td rowspan="2">• Natural Resources Conservation Service (NRCS)
• NRCS' Resource Conservation and Development Councils
• Research Partnerships with Universities/U.S. Geologic Survey/Non-governmental Organizations
• Department of the Interior – U. S. Fish and Wildlife Service
• Bureau of Land Management
• Conservation Groups (e.g., Ducks Unlimited, Pheasants Forever)
• State Soil and Water Conservation Districts
• Environmental Protection Agency</td></tr>
<tr><td colspan="2">• World Agricultural Outlook Board
• CSREES
• Animal and Plant Health Inspection Service (APHIS)</td></tr>
</table>

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<tr><th>INFORMATION PROVIDERS</th><th>HOMELAND SECURITY</th></tr>
<tr><td>• National Agriculture Statistics Service
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• Agriculture Multi-Agency Coordination Group</td></tr>
<tr><th colspan="2">CROSSCUTTING PARTNERSHIPS</th></tr>
<tr><td colspan="2">• Service Center Partners (NRCS, Rural Development, FSA, Soil, Water Conservation Districts and CSREES
• Rural Coalition -(26 Community Based Organizations in the U.S. and in Mexico)
• Department of Education
• Partnership Council (FSA/RMA)
• Tribal Outreach – Bureau of Indian Affairs, National Tribal Development Association, and Tribal Organizations
• Minorities in Agriculture and Natural Resources and Related Sciences
• Department of the Interior
• State Departments of Agriculture</td></tr>
</table>

Figure 8. A partial list of key FSA partnerships

ENSURING CIVIL RIGHTS

Civil rights is incorporated into all aspects of FSA's programs to ensure equitable delivery of programs and services and equitable treatment of FSA customers – the Nation's farmers, ranchers, and other agricultural producers. Civil rights is also incorporated into aspects of FSA employment practices to provide a workplace free of discrimination and to enhance the diversity of the workforce through affirmative steps to recruit, hire, train, and promote employees from diverse backgrounds. This two-pronged strategy aims to ensure civil rights in both the delivery of FSA programs and the diverse make-up of employees who deliver these programs.

For this Strategic Plan, FSA has targeted three measures:

PERFORMANCE MEASURE

- M1: Increase the percentage of employees with measureable civil rights performance elements in their annual performance plans.
- M2: Reduce percentage of program and employment civil rights complaints filed.
- M3: Reduce the average processing time for civil rights complaints filed: program and employment.

FSA aims to ensure that all employees' performance standards provide for civil rights accountability. A key performance objective across USDA is to hold managers, supervisors, and other employees accountable for ensuring that its customers and employees are treated in accordance with USDA's Civil Rights Policy. FSA's managers' performance standards mandate that they:

- Implement civil rights program objectives.
- Integrate civil rights principles throughout its programs and operations.
- Ensure an environment free of discrimination.

For the next six years, FSA has put in place a clearly measurable element for tracking civil rights accountability in employees' performance plans. For example, FSA has developed Web-based training that all employees—managerial or non-supervisory—will be required to take and complete in the course of the next few years. The number of employees successfully completing this training will serve as the measure for increased civil rights performance of employees across FSA. The measure assumes that employees who take the Web-based training will develop civil rights awareness and sensitivity, and may be made accountable to the success of FSA civil rights goals.

FSA will also continue to use and participate in special emphasis programs sponsored by USDA and other agencies to increase the awareness and appreciation of the history and cultural backgrounds of minority groups and women. Additionally, FSA will increase the use of "alternative dispute resolution" techniques to provide quicker, more satisfactory and less costly resolution of employment conflicts.

Employment Complaints: FSA is committed to fair and equitable treatment for all employees and all those eligible for its agricultural support and conservation programs. Despite relatively few Equal Employment Opportunity (EEO) complaints, less than half the Federal average, FSA has established the goal of reducing formal employment complaints by at least 11 % by 2010. Although formal program complaints average only about one-half of one percent of program applicants, FSA is committed to reducing the rate of program complaints filed by at least 9 % by FY 2010.

FSA will perform 10 EEO/civil rights State Office/Service Center Management Reviews each fiscal year to help ensure State Office/Service Center compliance with applicable laws and regulations. Offices will be made aware of problem areas and accomplishments via an exit interview at the State Office and by a final report, which also requests corrective actions to eliminate problems identified. Corrective Action Plans are submitted to FSA's Deputy Director for State Operations, where they are monitored until completed.

FSA has limited control processing time -- the determination to accept or dismiss formal complaints is made by USDA/OCR. On October 16, 2003, USDA/OCR transferred the investigation function to FSA/OCR. Therefore, FSA is currently responsible for processing informal EEO complaints and has a limited involvement in processing formal complaints through its newly assumed responsibility for investigating EEO complaints.

The Equal Employment Opportunity Commission (EEOC) requires agencies to process informal EEO complaints between 30 to 90 days. Therefore, FSA's baseline for processing informal complaints should remain the same. The baseline is to process informal employment complaints within 60-90 days, at least through FY 2004-2006, reduce it further to 55-80 days through FY 2007-2008, and eventually decrease complaint processing time to a range of 55-75 and 55-70 days, respectively, for FY 2009 and FY 2010. Efforts to reduce the 30 to 90 day timeframe should be made each year to achieve an overall reduction. For example, the reductions should be as follows: FY'04 – 30 to 90 days, FY'05 – 30 to 90 days, FY'06 – 30 to 85 days, FY'07 – 30 to 80 days, FY'08 – 30 to 75 days, FY'09 – 30 to 70 days, and FY'10 – 30 to 65 days.

EEOC requires agencies to investigate EEO complaints within 180 days from the time an EEO complaint is formally filed. Since FSA currently has responsibility for investigating formal discrimination complaints, the baseline should be established between 30 to 90 days, bearing in mind that USDA/OCR makes the determination to accept or dismiss the complaints.

Formal employment complaints are accepted, resolved, and disposed of in the Department's Office of Civil Rights. Agencies, however, share a common concern for maintaining the integrity of this EEO process. In an October 16, 2003, memorandum, Assistant Secretary for Civil Rights Vernon B. Parker transferred the formal investigation function to Agencies to reduce the inventory of EEO complaints in the system. The USDA/OCR formally administered this process. Agencies now have a tool to reduce the time required to process an EEO complaint. The FSA OCR has implemented a successful formal function and has been commended by the Department on the expedited processing of investigations of formal complaints. The Agency has been given 45 days to conduct formal investigations. Because the Agency was required to restructure operations in its inheritance of this new function, the timeframes have been difficult to meet; however, FSA's goal is to complete 80% of the formal investigations within the target period.

Program Complaints: In the program areas, FSA will continue to identify, assess, and address the research, education, and technical assistance needs of minority, low-income, and underserved customers. Outreach efforts will include establishing partnerships with minority-serving institutions, community-based organizations, and other agencies to provide information on FSA programs and County Committee elections, and to improve service delivery to underserved populations.

FSA will increase the use of "alternative dispute resolution" techniques, such as the USDA Certified State Mediation Program to achieve satisfactory resolution of program issues as quickly as possible and at the lowest possible level. FSA enters mediation to explore all available options to help agricultural producers, their creditors, and other persons directly affected by USDA actions to resolve disputes and reduce costs associated with administrative appeals, litigation, and bankruptcy. Many clients of the State Mediation Programs come by way of referrals from community assistance counseling organizations and community hot line contacts. An effective USDA Certified Agricultural Mediation Program continues to require the support and cooperation of State government officials and USDA affected agencies, agricultural producers, creditors, mediators, FSA National Office, State, and County personnel. Meeting the target for cost per case will be a challenge because costs for mediation services continue to rise, partly because of additional training required to become knowledgeable in other program areas now covered by this program. However, mediation remains a cost-effective alternative to traditional litigation and appeals.

FSA does not dissuade customers or employees from filing discrimination complaints. FSA can educate its employees and customers about FSA programs and avenues of redress outside the discrimination process. This is achieved through newsletters, public service announcements, training, and meetings with customers, advocacy groups, employees, agricultural businesses, and community and civic leaders.

FSA has limited control over processing time on for program complaints -- the determination to accept or dismiss program complaints is made by USDA's Office of Civil Rights (OCR). However, FSA/OCR is required by USDA/OCR to conduct a fact-finding inquiry and prepare an agency position statement (APS) within 24 days.

FSA has 20 to 24 days to conduct a fact-finding inquiry and to prepare an agency position statement. FSA will achieve this 24-day goal through a partnering agreement with OCR in Montgomery, Alabama, which carries out the inquiries that produce a fact-finding inquiry report, and the National Office at Washington, DC, which prepares the Agency position statement for each case. The need for FSA to interview the complainants in the fact-finding inquiry stage has been eliminated, making the 24-day timeframe manageable.

FSA will expedite the delivery of complaints to the investigative unit via faxes with a follow-up letter. The investigative unit has 14 days to complete the report and have it back to the compliance and analysis unit. FSA will achieve this goal and will make efforts to further reduce this processing time as indicated.

STRATEGICALLY MANAGING HUMAN CAPITAL

Administrator Little recognizes the hard work of FSA employees on behalf of our nation's farmers and ranchers.

A team of, customer-driven and results-oriented professionals will drive FSA to reach its strategic goals. More than 20,000 Federal, State, and county employees provide services to farmers and ranchers across the United States, and overseas. At FSA, strategic management of human capital ensures that the Agency has the right employees with the right skills in the right place at the right time to effectively support program goals.

With a projected 40% retirement rate over the next five years, human resources faces a huge challenge in maintaining a sufficiently skilled workforce to provide effective and efficient programs and services to America's farmers and ranchers. Emphasizing effective human capital management, FSA's senior management and its Human Resources Division have focused efforts on reducing competency and skills needs (or gaps) of mission-critical occupations by recruiting, developing, and retaining a high quality, diverse workforce.

PERFORMANCE MEASURE

- M1: Reduce percentage of skills gaps in mission critical occupations.

FSA will accomplish its human capital objectives by implementing the following strategies:

- Strategic workforce planning will be conducted annually to identify mission-critical occupations with skills gaps and leadership positions with continuity or succession challenges. FSA will update the rolling 5-year workforce analysis and succession plan in the second quarter of each fiscal year,

- FSA will reduce skills gaps in identified mission-critical occupations and ensure effective succession plans for leadership positions that have continuity challenges. To reduce the skills gaps and improve succession planning, FSA implemented a 5-year recruitment strategy and a 5-year training and development strategy that are based on a thorough workforce analysis. Annual recruitment and training plans will be generated from this data.

- FSA has also initiated an effort (Phase I) to tie program measures to individual employee performance plans. This will ensure that every FSA employee is held accountable for fulfilling FSA's mission. In July 2004, FSA tied the performance of Senior Executives, GS-15, and GS-14 managers to the Plan. Subsequently, these senior managers have begun Phase II of this effort, with the goal of linking 100% of FSA employees' performance plans to mission and program results in FY 2005.

PERFORMANCE MEASURE

- M2: Reduce average processing time to fill vacancies.

FSA will continue to reduce the average cycle time to fill vacancies. The Agency implemented a Web-based system, *Quick Hire*, in 2002 to streamline the hiring process. A 20% reduction in processing time was realized in the first year. FSA will implement additional systems to further reduce vacancy cycle time.

PERFORMANCE MEASURE

- M3: Increase percentage of employees that meet the homeland security training standards.

FSA will increase the percentage of employees meeting the homeland security training standards through USDA's *Ag-Learn* online computer training system which makes the training available to employees 24 hours a day, 7 days a week. Increasing the availability of these mandated training modules and using the accompanying tracking system will ensure that FSA employees comply with the training requirements in a timely manner.

FSA continues to manage several initiatives to strengthen its workforce helping it meet its strategic goals. Accordingly, Agency management is concentrating building an effective, diverse, and results-oriented workforce by focusing on workforce planning, organizational alignment, leadership continuity, and succession planning.

IMPROVING STRATEGIC ACCOUNTABILITY

FSA promotes sound financial management through leadership, policy, and oversight. In 2003, FSA again displayed its financial leadership by obtaining an unqualified (clean) audit opinion for the second consecutive year. A clean audit opinion is indicative of sound financial management policies and procedures. It assures the public that financial statement data are reliable, accurate, and complete. This allows users of such statements to place a high degree of confidence in the information and to use the data to make informed decisions and manage resources wisely.

PERFORMANCE MEASURE

- M1: Reduce average processing time to certify and disburse payments.

FSA will examine its accountability systems and major processes. FSA will focus on improving the average processing time for the Agency, at all levels, to certify and disburse program benefits to eligible producers. Additionally, the Agency continues to move aggressively to improve internal business processes to achieve an unqualified audit opinion every year. FSA has shown its commitment to improving timeliness by preparing and issuing quarterly financial statements on an accelerated schedule during FY 2004. Payments, receivables, and reporting processes are being streamlined by improving business practices and replacing manual tasks with automated processes. Despite its successes, FSA remains fully committed to continually improving its financial systems and processes. This commitment is embodied in its *Modernize and Innovate the Delivery of Agricultural Systems* (MIDAS) initiative.

The MIDAS initiative will improve financial performance by streamlining current processes, consolidating and integrating financial systems, and reducing internal control deficiencies. MIDAS is designed to provide reliable and relevant financial services and information that fulfill and anticipate customer needs. These systems will support basic accounting functions to accurately record and report financial transactions, and also serve as the vehicle for integrated budget, financial, and performance information that managers use to make decisions on their programs. Financial and performance management practices, such as activity-based accounting are already underway, and FSA is overhauling other systems that are more supportive of work measure/workload systems methodologies. In implementing these new practices and systems, FSA ensures that it is expending resources to measure activities, products, or services that are contributing fully to its mission and long-term vision.

PERFORMANCE MEASURE

- M2: Reduce percentage of erroneous payments.

In accordance with USDA's effort to develop comprehensive internal controls and quality assurance processes and systems, and to comply with the Improper Payments Improvement Act of 2002 (IPIA), FSA has established a new performance measure to help ensure that program payments are accurate and complete. The IPIA requires agencies to review their programs and activities annually and to identify those susceptible to significant improper payments. The IPIA expanded this effort by requiring Agencies to institute a systematic method of determining their programs' susceptibility to issuing erroneous payments. During FY 2004, FSA teams coordinated Erroneous Payments Risk Assessments for various FSA, Foreign Agricultural Service and CCC programs that included Purchases, Processing, Storage, Transportation, Bioenergy, Export 416 Ocean Transportation, and McGovern-Dole Food for Education Grants.

The dollar amount and percentage of erroneous payments by FSA, CCC, and FAS programs or budget activities will be used as performance indicators to identify areas at significant risk for erroneous payments in a given fiscal year. The joint program and financial review teams have completed 33 of 35 risk assessments scheduled for FSA, CCC, and FAS. Almost all the completed risk assessments have a summary risk rating of "low." None have been identified as "high" risk for making erroneous payments of $10 million or more and 2.5 percent of the program's payments in a given fiscal year. The two pending risk assessments involve NRCS: the Wetlands Reserve Program and the Agricultural Management Assistance Program.

PERFORMANCE MEASURE

- M3: Increase percentage of program results and budget requirements that are linked to the FSA Strategic Plan and fully costed.

FSA has fully costed major program areas identified in the Plan. FSA will implement full cost accounting in a more refined, automated, and integrated way in phases. The following phase targets have been established for the full cost accounting of all programs: FY 2005: 10%, FY 2006: 50%, FY 2007: 60%, FY 2008: 70%, FY 2009: 80%, and FY 2010: 100%.

As part of BPMS, FSA has assembled a Performance and Cost Management Task Force composed of employees from our National, State, and county offices. The Task Force is providing feedback on decisions that will impact the implementation of BPMS, which includes a cost management project. BPMS is designed to transform FSA into a more performance-based, customer-driven, and results-based organization. As subject matter experts in FSA products and services, Task Force members will provide input into the development of a single Agency-wide activity-driven business model and data collection system for use in budget formulation and decision support. The Task Force will also do the following:

- Define a new data collection process and review options for improving data collection systems.
- Facilitate change and communications in its respective functional areas.
- Prioritize implementation and make recommendations to shape future data collection processes and systems.

PERFORMANCE MEASURE

- M4: Increase the percentage of adverse decisions resolved internally.

In 2003, FSA began an initiative to resolve more adverse determinations and program disputes within FSA. The resolution of adverse determinations is thought to generate savings in monetary and non-monetary resources for both program participants and for the Federal government. FSA anticipates that resolving a higher percentage of adverse determinations within FSA would result in a correspondingly smaller percentage of program participants who file appeals within the USDA National Appeals Division (NAD), thus translating to fewer cases resulting in litigation. The NAD appeals process is considerably more costly, time consuming, and formal than the FSA appeal process.

To facilitate this approach, FSA has drafted regulations to replace the current interim rule governing appeal procedures. The new regulations (an interim rule with a request for comments) are currently in clearance. The new regulations will clarify FSA's appeal process to avoid confusion that leads to unnecessary appeals. It will also put into place regulation policies currently used by FSA but that are only procedural in nature. Most importantly, the anticipated regulations will provide a new process to allow participants who receive determinations that are initially deemed to be not appealable to request an appealability review by the appropriate FSA State Executive Director. At present, the only option available to such participants is to request an appealability review by the NAD Director. If the NAD Director determines the decision is appealable, the request is referred to a NAD hearing officer for scheduling a hearing, virtually foreclosing any opportunity for resolution within FSA. The new regulations would allow program participants additional opportunities for dispute resolution within FSA.

PERFORMANCE MEASURE

- M5: Increase percent of material weaknesses that are corrected on schedule.

Material weaknesses are deficiencies in management controls that FSA leadership determines to be significant enough to be reported outside of USDA. These weaknesses are determined through internal control self assessments, conducted under the Federal Managers' Financial Integrity Act of 1982 (FMFIA).

Management controls are an integral part of all programs, financial, and administrative operations, and include the plans, methods, and procedures used to meet the Agency's mission, goals, and objectives. Effective management controls provide reasonable assurance that the following objectives are being met:

- Obligations and costs comply with applicable laws.
- Funds, property, and other assets are safeguarded against waste, loss, or mismanagement.
- Revenues and expenditures are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports and to maintain accountability over assets.

FSA will compare the actual completion date to the target date for correcting material weaknesses reported under FMFIA. In FY 2004, FSA identified four material weaknesses that it must correct in FY 2005.

BPMS Core Team Recognized at Administrator's Honors Awards Ceremony in August 2004

IMPROVING BUSINESS PROCESS EFFECTIVENESS

Employees at a USDA Service Center in Virginia.

Modernizing FSA's IT and commodity inventory systems will help the Agency to meet the challenges of the future and respond promptly to customer demands. Modernization will also help to minimize homeland security vulnerabilities and enable field offices to mobilize resources around program demand, regardless of their physical location. FSA is collaborating with its USDA Homeland Security Office to develop food safety and security strategies and to conduct risk assessments for commodity operations and related programs. The Agency is working with USDA to implement measures to manage and protect USDA commodities and loan collateral. FSA is also evaluating the possibility of replacing or upgrading current inventory systems to promptly provide the critical data necessary to minimize security risks. In addition to training all employees on incident management, the Agency is coordinating with the Office of Procurement and Property Management to obtain appropriate security classifications for all FSA employees and contractors involved in determining commodity suitability and safety.

PERFORMANCE MEASURE

- M1: Increase percentage of internal business processes that are streamlined systematically.

FSA is intent on making use of technologies to find new ways to sharpen its internal business procedures. The Agency needs to improve its CCC and procurement administrative procedures, and to update the dissemination of directives to its field offices. FSA has started a series of technology-based initiatives to achieve this goal. By 2006, FSA will rely on a set of core processes to conduct electronic government transactions with the public and USDA Service Centers. The Agency is seeking to expand the role of FSA's Information Resource Management (IRM) Review Board. To this end, the Agency is adopting a single method and an organizational sponsor for setting priorities and implementing continuous improvement projects.

FSA will follow Federal and USDA-defined enterprise architecture solutions to enable its electronic government delivery channel. FSA is already implementing USDA's e-Authentication service and enterprise solutions for geospatial data. The Agency is also using the infrastructure and core software applications of the Common Computing Environment (CCE). FSA plans to formalize and implement industry standard best practices for software development, which will ensure conformity with enterprise architecture principles and methods. If work flow in the Service Centers defines the steps by which the public accesses and initiates Web-based services, rather than having Service Center employees oversee the process, then one consolidated, modernized, Web-based IT system could be deployed to replace the existing single purpose computer systems (i.e., the IBM System 36/AS 400 platforms). Such reengineering applied to the Farm Programs IT portfolio would help modernize the exclusively customized legacy software used for the business process. Sources of common data for the Agency would cross boundaries with program delivery as data would be served via common web services. FSA selected this approach because Farm Loan Programs modernization depends on adopting standard commercial-off-the-shelf (COTS) packages. Updating the Commodity Operations is tied to multi-government agency procurement or the development of a Web-based supply chain management concept. Delivering Service Center programs in FSA's IT portfolio are the target for the *Modernize and Innovate the*

Delivery of Agricultural Systems (MIDAS) initiative. The initial phase of the MIDAS initiative must cover the migration of all FSA applications from the Service Center legacy platform.

FSA is in the process of defining a consistent, formalized system based on a unified process. Managers and staff will receive training in the process and its tools before roll out of the system by December 2005. The idea of a single service sign-on through a common Web-based authentication and authorization system became USDA's eAuthentication (eAUTH) solution. Farm Loan Program business processes and COTS software tools will mirror those used by lending partners. Customers and Service Centers will be linked to USDA's Customer Statement for consolidated reporting of earned program benefits. Furthermore, FSA will centralize program administration data for improved monitoring. Centralized data will enable eAuthenticated customers the freedom to conduct business with the Agency from locations that are convenient for the customer. The modernization of FSA's Commodity Operations will capitalize on these concepts through multi-government agency procurement or development of a Web-based supply chain management concept.

USDA's eAuthentication is already providing Service Center Agency customers the ability to conduct business with any USDA agency with a single sign-on. In partnership with Service Center Agencies, FSA has implemented the Representative Link Manager System (eREP) to allow for individuals with an eAUTH account to conduct electronic business on behalf of an entity such as a corporation or joint venture. FSA has also implemented an Extensible Authorization Service (EAS) to further expand the portability of granting authorizations within FSA Web-based applications. In FY 2004, FSA added 31,000 customers through the eAUTH process and the web usage of its programs is climbing regularly at 1,500 to 2,000 new users per week.

PERFORMANCE MEASURE

- M2: Increase percentage of transactions completed through a Web environment.

During the next six years, FSA will increase the percentage of transactions completed by way of the Internet. During 2003, FSA began an initiative that consolidated loan servicing functions such as billings and mass mailings. The Agency is also implementing an interactive voice response system that will handle routine information requests from borrowers to improve accessibility for customers and reduce FSA response time.

This is a challenging transition. National Agricultural Statistics Service information indicates that few customers are prepared to conduct electronic business transactions. In many areas of the United States, high speed access to the Internet remains an issue for FSA customers and clients. As FSA continues to deploy up-to-date Web-based delivery of programs, education, and customer support to those customers ready to fully convert to electronic commerce transactions, servicing customers by traditional program delivery (e.g., face-to-face interactions) will continue to be an Agency requirement.

In FY 2001, FSA implemented the Service Center Information Management System (SCIMS) for customer name and address services. This shared Web-based application has been successfully implemented to share common name and address information across multiple platforms with partner agencies. This application is the foundation on which USDA's enterprise initiatives, including the eAuthentication initiative, SCA partner applications, and the USDA Customer statement, are leveraged.

SCIMS was fully deployed in FY 2002, the year Congress passed the *Farm Security and Rural Investment Act of 2002* that required FSA to redirect the business sponsors and IT resources to delivering the new Farm Bill.

During this period, FSA launched a number of new programs including:

- Direct and Counter-Cyclical Payments,
- Quota Peanut Buyout,
- Milk Income Loss Contracts, and
- Trade Adjustment Assistance.

Based on the program implementation date, some applications were deployed on the legacy system while other applications were developed as Web-based applications. As the Farm Bill was completed, resources were re-committed to migrating legacy IBM System 36/AS400 applications.

Since that time, FSA has made major strides in furthering migration from the legacy system to the central Web-based platform. In FY 2002, eFunds Control was implemented at the Administrator's direction to provide mandatory fund control capability for legacy and new Web-based program delivery systems generating financial disbursements. In FY 2004, Financial Services and the National Payments Services were implemented to support the Web-based, transactional delivery of program payments. Additional financial services are required by program delivery systems to support collection and debt capabilities.

FSA's shift to Web-based, centralized applications meets the dual needs for FSA business delivery and the President's Management Agenda for electronic government applications. Web-based centralized applications provide increased functionality, making it easier for Service Center employees to provide services to customers. Access to nationwide information is available to provide one-stop-service. Additional functions can be automated to free employees from manual research and control of information for multi-county customers. Data is centrally available to fully automate business rules for payment limitations, eligibility, and other functions that require nationwide data access. The strategic modernization to Web-based applications also provides FSA the capability to leverage software applications that will provide employee capability to service customers and direct customer access to participate in E-Gov services.

FSA recently began using cutting-edge technology for a number of E-Gov initiatives such as:

- **Modernize and Innovate the Delivery of Agricultural Systems (MIDAS)** – The MIDAS strategy relies on the open and portable reuse of application software. SCIMS *Name and Address* database was an early example of this approach as it enabled partner agencies to share information across multiple platforms. This application has also been used successfully to support USDA initiatives such as eAuthentication, SCA partner applications, and the USDA Customer statement. The MIDAS project will modernize the current technology infrastructure and significantly improve the delivery of conservation, income support and disaster assistance programs, reducing cycle time to process and disburse CCC payments to eligible agricultural producers.

- **eForms -** eForms provides an electronic alternative forum for customers to access FSA forms and account information, and to complete and submit documents electronically, resulting in a more customer-centered FSA.

- **Geographic Information and Global Positioning Systems (GIS and GPS) Technology** – In collaboration with other USDA agencies, FSA is implementing GIS Global Positioning Systems technology. This technology will help FSA to more efficiently measure land features, identify crop types, and establish maps for farm records. The result is more accurate records of farmland availability that allow for more accurate predictions of crop production.

- **Electronic Loan Deficiency Payments (eLDP) and Warehouse Receipt System**– The eLDP is a major public-facing E-Gov application that provides the producer the capability of completing the eLDP process in a totally electronic manner from a residence, workplace, or other convenient location. The application is engineered as portable and open to the extent that both the internal employee-driven service process and the electronic-driven producer process will be supported by the same software application. The process has been reengineered to require a minimum of effort and data entry at the time a transaction is initiated. This will provide a streamlined process for customers' direct access and improve efficiency for employee service to customers implementing transactions through USDA Service Centers. FSA has also activated an electronic warehouse receipt system, which facilitates low-cost commercial and interstate trade of agricultural commodities. This will enhance tracking of U.S. agricultural commodities, and reduce the costs of commercial and interstate trade.

- **Farm Business Plan (FBP) –** This software package replaces the old Farm and Home Plan (FHP). The FBP is a Web-based financial/credit analysis software package capable of originating, processing, and servicing agricultural loans. The data are stored centrally, allowing field employees to service applicants any time and any place. The system supports the Federal Electronic Signatures in Global and National Commerce Act and provides the capability for data management reporting, including individual benchmarks, forecasting, and shocking model. When the Plan is authorized and fully operational, FSA plans to encourage customers, producers, lenders, and producer-support entities to access the system for entry of data and retrieval of status/report information.

Although FSA is deploying a number of e-business strategies, the Agency is sensitive to the fact many producers are not readily willing use new technologies for a variety of reasons. Additionally, as many FSA processes were put into place before the many new advances in e-business opportunities, many counties have not retired current technology and are challenged to operate in a dual environment of old and new processes and procedures. Nevertheless, these initiatives, and other e-business strategies, will improve customer service and reduce annual costs to American taxpayers.

PERFORMANCE MEASURE

- M3: Increase percentage of total contracts that are performance based.

In accordance with Departmental directives, FSA is working to increase the percentage of performance-based service contracts. Under such contracts, the contractor is given the scope of the work to be performed and the Agency's desired outcomes, and is left to use its own ingenuity and initiative to achieve these results. Failure to achieve based on pre-determined standards usually results in reduced payment to the contractor. This is distinct from the former method of government contracting, which required contractors to complete specific steps to accomplish tasks perpetuating inflexible methods of accomplishing a goal. USDA has set a department-wide goal of 50% for this initiative. This measure supports USDA's goal by committing FSA to increasingly ambitious targets.

PERFORMANCE MEASURE

- M4: Reduce or maintain the average processing time in announcing marketing assistance loan program rates.
- M5: Increase the percent of cost benefit analyses prepared on time.

The annual computation and release of county loan rates for wheat, feed grains, oilseeds, and pulses is a cross-functional area effort, involving FSA leadership and staff. Each group's contributions to this effort are identified below.

Under Secretary's Office	Review and approval
Administrator's Office	Review and approval
Economic and Policy Analysis Staff	Development of options, methodology, computation, presentations, and review
Deputy Administrator for Commodity Operations Division	Review and adjustment recommendations
Deputy Administrator for Farm Program Division	Review and Website posting

The regular involvement of FSA leadership and staff, the complexity of the potential customer-related issues, and the multitude of computational steps, computer applications, and databases involved in the county loan rate calculation process has led to the establishment of annual timelines and milestones.

Processing time will be improved by continuing to closely monitor local market price changes and issues that may relate to the geographic relationships of county loan rates, by reducing the anticipated processing time in each successive annual timeline, and by seeking to meet or beat the established milestones. Accomplishing the latter will be achieved by improving process and data source documentation, by standardizing and generalizing custom application software, and by reducing review and approval times.

IMPROVING STAKEHOLDER SATISFACTION

The Satisfaction Index will measure Agency success in managing key relationships with three major stakeholder groups: employees, partners, and customers. Our objective is to examine satisfaction related to areas such as the employee engagement, quality of program output, and effectiveness of partnerships to deliver mission results. We are considering gathering performance data for the Satisfaction Index from a number of sources, including but not limited to surveys and focus groups.

To manage its business processes more effectively, FSA will track the percentage of processes streamlined, the percentage of transactions completed via a Web environment, and the percentage of performance-based contracts. To determine if we are performing effectively in all areas, FSA will use a Satisfaction Index to take a 360-degree look at how the Agency delivers its products and services to the public and how it interacts with internal and external customers. The Agency is exploring the American Customer Satisfaction Index (ACSI) model, a well-established approach used as a performance management tool in some public agencies. The ACSI model is a set of causal equations that link customer expectations, perceived quality, and perceived value to customer satisfaction. FSA is reviewing survey research conducted within the last five years, such as the Customer Service Comment Card Pilot Program described below, to determine the appropriate scope and methodology for developing our Satisfaction Index.

Customer Service Comment Card Pilot Program (CSCC) - FSA scientifically selected 55 local FSA offices in 30 States to participate in this voluntary CSCC pilot program. The program provided comment cards in English and Spanish. The pilot program operated from September 2004 and ended on October 31, 2004. The CSCC pilot was designed to test a draft format of the comment card and to permit pilot assessment and public collection notices prepared for a National implementation of the program. Customers used the cards to rate FSA's service, response time, courtesy, program knowledge, and to provide comments about issues of concern to them. Customer comments were unsolicited. Those who opted to participate submitted the comment cards anonymously, however some chose to provide contact information so that FSA could directly address their concerns. All customers who visited FSA's participating county offices prior to October 31, 2004 were made aware of the program and given the opportunity to participate.

Four hundred forty-eight people in 42 counties in 29 States returned comment cards postmarked by October 31, 2004. Approximately 61 percent of the comments received were from seven of the 29 States (Kansas, Montana, Idaho, Virginia, New York, North Dakota, and South Carolina). Most of the 251 people who provided written comments primarily shared their views on the quality of service. A smaller number of customers offered suggestions about Farm Service Agency programs and program administration. Preliminary results show about 85 percent of respondents expressed very positive, partly positive, or neutral views about FSA. Most of the negative responses dealt with requests for more staffing.

FSA is looking into making the comment card a permanent fixture in USDA Service Centers across the Nation to ensure that customers have every opportunity to provide the Agency with feedback.

Appendix A – Strategic Plan Framework

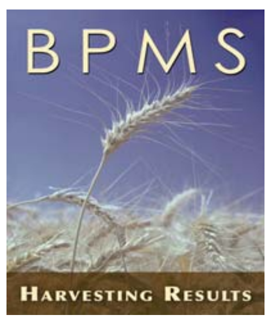
Farm Service Agency

DRAFT

Budget and Performance Management System (BPMS)

Strategic Plan Framework

Approved for Release



April 7, 2005

VISION

Agency (Internal)

A customer-driven agency with a diverse and multi-talented work force, dedicated to achieving an economically and environmentally sound future for American agriculture.

Society (Stakeholders – External)

A market-oriented, economically viable, and environmentally sound American agriculture delivering an abundant, safe, and affordable food and fiber supply while sustaining quality agricultural communities.

2

USDA
Farm Service Agency

BPMS
Budget and
Performance
Management
System

Strategic Plan
Fiscal Years 2005-2010

FSA Mission: Equitably serving all farmers, ranchers, and agricultural partners by delivering effective, efficient agricultural programs for all Americans.

Please contact us by e-mail at:
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FSA Major Program Areas and Programs

FARM LOANS

- Ad hoc Programs
- Beginning Farmer Down Payment Loan Program
- Boll Weevil Eradication Loan Program
- Debt for Nature Program
- Direct Farm Operating Loan Program
- Direct Farm Ownership Loan Program
- Emergency Loan Program
- Guaranteed Farm Operating Loan Program
- Guaranteed Farm Ownership Loan Program
- Indian Tribal Land Acquisition Program
- Youth Loan Program

CONSERVATION

- Conservation Reserve Program
- Conservation Reserve Enhancement Program
- Continuous Conservation Reserve Program
- Emergency Conservation Program
- Farmable Wetlands Program
- Grassland Reserve Program

INCOME SUPORT AND DISASTER ASSISTANCE

- Ad hoc Disaster Assistance Program
- Crop Disaster Program
- Dairy Indemnity Payment Program
- Direct and Counter-Cyclical Payment Program
- Ewe Lamb Replacement/Retention Program
- Farm Storage Facility Loan Program
- Hard White Wheat Incentive Payment Program
- Karnal Bunt Program
- Livestock Assistance Program
- Livestock Indemnity Program
- Milk Income Loss Contract Program
- New Mexico Tebuthiuron Program
- Noninsured Crop Disaster Assistance Program
- Nonrecourse Marketing Assistance Loan Program
- Sugar Loan Program and Sugar Marketing Allotments
- Sugar Storage Facility Loan Program
- Tobacco Programs *(scheduled for phase-out end of FY 05)*
- Tree Assistance Program
- Trade Adjustment Assistance Program

COMMODITY OPERATIONS

- Bill Emerson Humanitarian Trust
- Bioenergy Program *(scheduled for phase-out end of FY 06)*
- Canadian Wheat End Use Certificate Program
- Commodity Credit Corporation Inventory Management and Operations
- Extra Long Staple Cotton Competitiveness Payment Program
- Food Assistance Purchase Programs – Domestic and Export
- Milk Price Support Purchase Program
- Total Quality Systems Audit
- Upland Cotton Competitiveness - User Marketing Certificate Program
- US Warehouse Act – Federal Warehouse Licensing

Legend:

- Farm Loans
- Income Support & Disaster Assistance
- Commodity Operations
- Conservation

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Strategic Goal 1
Supporting Productive Farms and Ranches

END OUTCOMES

END OUTCOME 1
Successful Farms and Ranches

INDICATORS
- Increased profit of farms and ranches.
- Increased % of farm ownership by racial and ethnic minorities and women farmers.

END OUTCOME 2
A Market-Based Agriculture Sector

INDICATORS
- Increased % of gross farm income from non-governmental sources.
- Maintain or increase sales growth rate of agricultural products:
  - Domestic
  - Exports.

END OUTCOME 3
Thriving Agricultural Communities

INDICATOR
- Sustained or improved growth rate of per capita income in agricultural communities.

INTERMEDIATE OUTCOMES

OBJECTIVE 1.1
Improving Access to Capital

PERFORMANCE MEASURES

M1 Increase % of:
- beginning farmers
- racial and ethnic minorities, and women farmers financed by FSA.

M2 Maintain or reduce loss rates for:
- direct loans
- guaranteed loans.

M3 Reduce average processing time for:
- direct loans*
- guaranteed loans.*

OBJECTIVE 1.2
Mitigating Market Losses

PERFORMANCE MEASURES

M1 Maintain participation rate for direct and counter-cyclical payment programs.

M2 Reduce average processing time for program benefits.*

OBJECTIVE 1.3
Mitigating Losses from Natural Disasters

PERFORMANCE MEASURES

M1 Increase % of liabilities covered by insurance.

M2 Reduce or maintain average processing time for emergency and disaster:
- designations*
- program benefits*
- loans.*

OBJECTIVE 1.4
Expanding Market Opportunities

PERFORMANCE MEASURES

M2 Increase % of ethanol's share and biodiesel's share of total transportation fuel usage.

PRODUCTS and SERVICES

* Asterisk denotes efficiency measure.

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Strategic Goal 1
Supporting Productive Farms and Ranches

PRODUCTS and SERVICES

OBJECTIVES 1.1, 1.2, and 1.3 OUTPUTS

FARM LOANS

- Ad hoc Loans and Payments
- Beginning Farmer Direct Loans
- Boll Weevil Eradication Loans
- Operating and Farm Ownership Direct Loans
- Operating and Farm
- Ownership Guaranteed Loans
- Payment Assignments
- Subordination Agreements
- Youth Loans
- Emergency Loans
- Loans Restructured Based Upon Disaster Authority

OBJECTIVE 1.1 OUTPUTS

INCOME SUPPORT

- Direct Payments

COMMODITY OPERATIONS

- Electronic Warehouse Receipts Issued by Commodity

OBJECTIVE 1.2 OUTPUTS

INCOME SUPPORT AND DISASTER ASSISTANCE

- Ad hoc Loans and Payments
- Counter-cyclical Payments
- Dairy Indemnity Program Payments
- Hard White Wheat Incentive Payments
- Ewe Lamb Replacement/Retention Program Payments
- Loan Deficiency Payments
- Marketing Loan Assistance Forfeitures
- Milk Income Loss Contract Payments
- Non-recourse Marketing Assistance Loans
- New Mexico Tebuthiuron Program Payments
- Sugar Loans
- Sugar Marketing Allotments
- Tobacco Programs[1]
- Trade Adjustment Assistance Payments

COMMODITY OPERATIONS

- CCC Surplus Removal of Commodities
- Milk Price Support Purchases

OBJECTIVE 1.3 OUTPUTS

INCOME SUPPORT AND DISASTER ASSISTANCE

- Ad Hoc Disaster Assistance Program
- Crop Disaster Program Payments
- Liability Covered by the Non-Insured Crop Disaster Assistance Program
- Livestock Assistance Program Payments
- Livestock Indemnity Program Payments
- Tree Assistance Program Payments

CONSERVATION

- Approvals for Emergency Haying and Grazing on Acreage Enrolled In CRP
- Emergency Conservation Program Payments

OBJECTIVE 1.4 OUTPUTS

COMMODITY OPERATIONS

- Bioenergy Program Payments[2]
- Canadian End Use Wheat Imports
- Commodity Credit Corporation (CCC) Surplus Removal
- Upland and Extra Long Staple Cotton Competitiveness Program Payments

[1] Scheduled for phase-out end of FY 05

[2] Scheduled for phase-out end of FY 06

BPMS Management Scorecard Products and Services apply as appropriate.

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Strategic Goal 2

Supporting Secure and Affordable Food and Fiber

END OUTCOMES

END OUTCOME 1

Affordable Food and Fiber

INDICATORS

- Sustained global leadership in % of disposable income used for food.
- Reduced % of acreage permanently converted to non-agricultural use.

END OUTCOME 2

Secure Supply of Quality Food and Fiber

INDICATOR

- Reduced % of contamination instances resulting from improper storage practices.

END OUTCOME 3

Effective Food Aid

INDICATORS

- Increased % of recipients in food insecure countries benefiting from U.S. humanitarian food aid internationally.
- Increased % of “At Risk” domestic recipients benefiting from U.S. food distribution programs.

INTERMEDIATE OUTCOMES

OBJECTIVE 2.1

Supporting Domestic Agriculture

PERFORMANCE MEASURES

M1 Increase % of agricultural outreach performed through partnerships.

M2 Increase % of FSA employees demonstrating understanding of FSA programs and responsibilities through training and certification.

OBJECTIVE 2.2

Providing Adequate, Secure Storage Capacity that Maintains Quality

PERFORMANCE MEASURES

M1 Maintain or increase % capacity of approved and licensed storage facilities.

M2 Reduce % of warehouses with violations.

OBJECTIVE 2.3

Improving Purchase and Delivery of Food Aid

PERFORMANCE MEASURES

M1 Reduce % of short-filled contracts.

M2 Increase % of food aid delivered within contract specifications.

PRODUCTS and SERVICES

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Strategic Goal 2
Supporting Secure and Affordable Food and Fiber

PRODUCTS and SERVICES

OBJECTIVE 2.1 OUTPUTS

AGENCY-WIDE

All major programs could apply as well as BPMS Management Scorecard Products and Services.

OBJECTIVE 2.2 OUTPUTS

COMMODITY OPERATIONS

- Capacity of Approved and Licensed Storage Space Available
- CCC Contract Actions
- CCC Storage Agreements
- Shipping Standards Violation Complaints
- Storage Space Occupied by Commodity Credit Corporation (CCC) Interest Commodities (Owned and Loan)
- US Off-farm Storage Capacity
- US Warehouse Act (USWA) Licenses
- USWA Licensing Actions
- Warehouse Examinations and Findings

INCOME SUPPORT

- Commodity Loan Inspections
- Farm Storage Facility Loans
- Sugar Storage Facility Loans

OBJECTIVE 2.3 OUTPUTS

COMMODITY OPERATIONS

- CCC Product Contracts
- CCC Service Contracts
- Donated CCC Inventories
- Ocean Freight Evaluations
- Purchased Tons of Food
- Received and Processed Food Aid Orders
- Settled Claims
- Total Quality Systems Audits

BPMS Management Scorecard Products and Services apply as appropriate.

Strategic Goal 3

Conserving Natural Resources and Enhancing the Environment

END OUTCOMES

END OUTCOME 1

Quality Soil

INDICATOR
- Reduced erosion rates.

END OUTCOME 2

Quality Water

INDICATOR
- Reduced ground and surface water contamination.

END OUTCOME 3

Quality Wildlife Habitat

INDICATOR
- Increased populations of targeted species.

END OUTCOME 4

Quality Air

INDICATOR
- Increased tons of carbon dioxide sequestered.

INTERMEDIATE OUTCOMES

OBJECTIVE 3.1

Improving Conservation Practices

PERFORMANCE MEASURES

M1 Maintain or increase % of acres in compliance with highly erodible land and wetland provisions.

M2 Increase % of conservation acres with invasive species controls.

OBJECTIVE 3.2

Targeting Lands to Maximize Conservation Benefits

PERFORMANCE MEASURES

M1 Increase acres managed under Continuous Conservation Reserve Program (CRP) sign-up.

M2 Increase general sign up acres in priority areas.

M3 Reduce average processing time of conservation offers through partnerships and technology:
- FSA time*
- partner time*.

OBJECTIVE 3.3

Mitigating Adverse Impacts From Agricultural Production

PERFORMANCE MEASURES

M1 Increase CRP acres of riparian and grass buffers.

M2 Increase % of CCC sites where remediation is implemented.

M3 Increase CRP restored wetlands acres.

***** Asterisk denotes efficiency measure.

PRODUCTS and SERVICES

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Strategic Goal 3

Conserving Natural Resources and Enhancing the Environment

PRODUCTS and SERVICES

OBJECTIVE 3.1 OUTPUTS

CONSERVATION [1]

- Acres Managed for Environmental Compliance
- Spot-checks for Conservation Compliance

[1] All Conservation Programs on p.4 may apply.

OBJECTIVE 3.2 OUTPUTS

CONSERVATION

- Acres Covered by Active Continuous Conservation Reserve Enhancement Program Contracts/Conservation Reserve Program Contracts
- Acres Covered by Active General Conservation Reserve Enhancement Program Contracts/Conservation Reserve Program Contracts
- Acres Covered by Active Grassland Reserve Program Contracts and Easements

FARM LOANS

- Debt for Nature Contracts

OBJECTIVE 3.3 OUTPUTS

CONSERVATION [1]

- Acres of Riparian or Grass Buffers
- Acres of Restored Wetlands
- Acres Planted to Trees
- Site Investigations
- Site Remediations

[1] All Conservation Programs on p.4 may apply.

BPMS Management Scorecard Products and Services apply as appropriate.

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BPMS Management Scorecard
Supporting FSA Strategic Goals

INTERNAL OUTCOMES

OBJECTIVE 1

Enhancing Outreach and Partnerships

PERFORMANCE MEASURES

M1 Increase % of program participation by members of targeted groups.

M2 Increase % of FSA's resources and services enhanced through effective partnerships.

OBJECTIVE 2

Ensuring Civil Rights

PERFORMANCE MEASURES

M1 Increase % of employees with measurable civil rights performance elements in their annual performance plans.

M2 Reduce % of civil rights complaints filed:
- Program
- Employment.

M3 Reduce average processing time for civil rights complaints:
- Program*
- Employment.*

OBJECTIVE 3

Strategically Managing Human Capital

PERFORMANCE MEASURES

M1 Reduce % of skills gaps in mission critical occupations.

M2 Reduce average processing time to fill vacancies.*

M3 Increase % of employees that meet the homeland security training standards.

OBJECTIVE 4

Improving Strategic Accountability

PERFORMANCE MEASURES

M1 Reduce average time to certify and disburse payments.*

M2 Reduce % of erroneous payments.

M3 Increase % of program results and budget requirements that are linked to the FSA Strategic Plan and fully costed.*

M4 Increase % of adverse program decisions resolved internally.*

M5 Increase % of material weaknesses that are corrected on schedule.*

OBJECTIVE 5

Improving Business Process Effectiveness

PERFORMANCE MEASURES

M1 Increase % of internal business processes that are streamlined systematically.*

M2 Increase % of transactions completed through a web environment.*

M3 Increase % of total contracts that are performance based.*

M4 Reduce or maintain average processing time in announcing marketing assistance loan program rates.*

M5 Increase % of cost benefit analyses prepared on time.*

OBJECTIVE 6

Improving Stakeholder Satisfaction

PERFORMANCE MEASURES

M1 Employee Satisfaction

M2 Partner Satisfaction

M3 Customer Satisfaction

***** Asterisk denotes efficiency measure.

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BPMS Management Scorecard
Supporting FSA Strategic Goals

PRODUCTS and SERVICES

OBJECTIVES 1 – 6 OUTPUTS

BUSINESS AND PROGRAM INTEGRATION, CIVIL RIGHTS AND EXTERNAL AFFAIRS

- Advisory Services
- Congressionally Mandated Studies
- Cooperative and Other Types of Agreements
- Conferences
- Cost Benefit Analyses
- Executive Correspondence
- FSA Fact Sheets
- Legislative Liaison, Tracking, and Reporting
- Memoranda of Understanding and Decision Memoranda
- Notices
- Outreach Reports
- Performance Budget and Annual Performance Plan
- Performance and Management Reports and Analyses
- Policy and Regulatory Analyses and Development
- Public Relations and Communications
- Regulations
- Stakeholder Listening Sessions
- Strategic Plan
- State Mediation Grants
- Training

ADMINISTRATIVE AND MANAGEMENT

- Advisory Services
- Contracts
- Cooperative and Other Types of Agreements
- Financial Statements
- Funding Allocations
- Management Reports and Analyses
- Memoranda of Understanding and Decision Memoranda
- Notices
- Performance Budget
- Recruitment and Retention Plans
- Employee and Labor Relations
- Training and Development Plans
- Workforce Analysis and Succession Plan
- Performance Management, Recognition, and Benefits

NOTE: These outputs or products and services are critical to achieving the objectives of the BPMS Management Scorecard and the Strategic Goals. Employees may link their individual and team performance outputs to the Scorecard measures and objectives.

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Appendix B – Core Duties and Legislative Mandates

Background:

The purpose of this analysis is to define the FSA mandated boundaries and FSA program alignment to these mandates in support of Budget Performance Management System (BPMS). BPMS is a management tool to facilitate the transformation of FSA to a more performance- based, results-focused organization. The cornerstone of BPMS is a new six-year (FY 2005-2010) Strategic Plan aligned with United States Department of Agriculture's (USDA) Strategic Plan. This will assist FSA in telling the story of FSA to Congress, to the Office of Management and Budget (OMB), to farmers and ranchers, to agricultural partners and to the American public. Since October 2003, the BPMS Core Team has conducted multiple internal and external stakeholder sessions and received feedback on a revised FSA mission and strategic goals in order to develop the new Strategic Plan. In these sessions, there were stakeholder questions regarding the scope of the FSA mission. Questions from stakeholders included the role of FSA in attracting new farmers and ranchers, the role of FSA in nutritional education and awareness and the role of FSA in homeland security. To respond to these questions, the BPMS Core Team required information on the elements of the "core" FSA mission, defined as those areas that are clear within the legislative mandates. This document contains information useful in communicating FSA's mandated purpose as well as a review of federal performance planning and reporting guidance.

Table of Contents

Establishment of the Farm Service Agency (FSA)

FSA was established as part of the Federal Crop Insurance and Department of Agriculture Reorganization Act of 1994, P.L. 103-354. The Agricultural Stabilization and Conservation Service (ASCS), the Federal Crop Insurance Corporation (FCIC), and the agricultural lending programs of the Farmers Home Administration (FmHA) were combined to form the Consolidated Farm Service Agency later renamed FSA. Supervision of the FCIC was subsequently transferred to the Risk Management Agency (RMA) in 1996 and the sale of crop insurance was transferred to the private sector.

FSA Explicit Responsibilities – Farm Security and Rural Investment Act of 2002 (2002 Farm Bill) and Department of Agriculture Reorganization Act of 1994

Collectively, the Farm Security and Rural Investment Act of 2002 and the Federal Crop Insurance and Department of Agriculture Reorganization Act of 1994 hold FSA *explicitly* responsible for the following functions:

1) Implement agricultural price and income support programs, including marketing assistance loans and loan deficiency payments, production adjustment programs, and related programs;
2) Implement agricultural credit from the Farmers Home Administration (FmHA) -- including farm ownership and operating, emergency, and disaster loan programs -- and other lending programs for agricultural producers and others engaged in the production of agricultural commodities;
3) Review and approve loan applications from an employee in a county or area office; [1]
4) Establish policies for nominations and elections committees;
5) Solicit and accept nominations from organizations representing interests of socially disadvantaged farmers[2]; and
6) Support Subchapter B of Chapter 1 of Subtitle D of Title XII of the Food Security Act of 1985 and the agricultural conservation program under the Soil Conservation and Domestic Allotment Act.

These are the duties explicitly assigned. The Secretary and Under Secretary of Agriculture delegate many other duties to FSA. These delegated duties are represented in the 7 Code of Federal Regulations (C.F.R) Part 2.42. These delegated authorities are covered later in the document.

Consolidated Farm and Rural Development Act of 1961 (Con Act)Loan Responsibilities

The Consolidated Farm and Rural Development Act of 1961 (Con Act), Pub.L. 87-128, authorized a major expansion of USDA lending activities, which at the time were administered by FmHA, but which are now administered by the FSA. The Con Act, as amended, currently serves as the authorizing statute for USDA's agricultural and rural development lending programs. Titles in the Act include current authority for the following major FSA farm loan programs — farm ownership, farm operating, and emergency disaster loans.

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1 Farm Security and Rural Investment Act of 2002 (Pub. L 107-171, Sect. 377, May 13, 2002; Conference Report for the Farm Security and Rural Investment Act of 2002 (H.R. 2646), p. 224, May 1, 2002

2 Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171, Sect. 10708, May 13, 2002.

Commodity Credit Corporation (CCC) Charter Act Responsibilities

There are several agencies, including the Agricultural Marketing Service, the Natural Resources Conservation Service (NRCS), the Foreign Agricultural Service (FAS), and the FSA, with programs operating under the auspices of the CCC Charter Act.

The FSA programs that are authorized by the CCC Charter Act include: the Bioenergy Program, the Foreign Food Assistance Program, CCC inventory management, the Farm Storage Facility Loan Program, and various commodity and conservation programs.

Many FSA-operated programs are funded through the CCC, a Government-owned and operated corporation established on October 17, 1933 to stabilize, support, and protect farm income and prices. CCC was reincorporated on July 1, 1948, as a Federal corporation within USDA, by the Commodity Credit Corporation Charter Act (15 United States Code 714). CCC is managed by a Board of Directors, which is chaired by the Secretary of Agriculture. CCC has a $30 billion borrowing authority with the Treasury to finance its programs.

CCC's conservation, marketing assistance loans, loan deficiency payments and other commodity programs, and its domestic acquisition and disposal activities for price-supported commodities are carried out through the personnel and facilities of the FSA. The CCC also uses the services of other USDA agencies to carry out its authorities and responsibilities. Agricultural Marketing Service and FAS occasionally use CCC authority to acquire various commodities for domestic and foreign food assistance programs. The CCC is authorized to promote the export of U.S. agricultural commodities and products through sales, payments, direct credits, other export sales and promotion programs and foreign assistance disposal of CCC-controlled commodities through the Foreign Agricultural Service's General Sales Manager.

The CCC was established for the following purposes: (1) stabilizing, supporting, and protecting farm income and prices; (2) assisting in the maintenance of balanced and adequate supplies of agricultural commodities, products thereof, foods, feeds, and fibers; and (3) facilitating the orderly distribution of agricultural commodities. The CCC is within the USDA, and is subject to the general supervision and direction of the Secretary of Agriculture.[3] The following are specific powers afforded to the CCC:

1) Support the prices of agricultural commodities through loans, purchases, payments, and other operations;
2) Make available materials and facilities required in connection with the production and marketing of agricultural commodities;
3) Procure agricultural commodities for sale to other Government agencies, foreign governments, and domestic, foreign, or international relief or rehabilitation agencies; and to meet domestic requirements;
4) Remove and dispose of or aid in the removal or disposition of surplus agricultural commodities;
5) Increase the domestic consumption of agricultural commodities by expanding or aiding in the expansion of domestic markets or by developing or aiding in the development of new and additional markets, marketing facilities, and uses for such commodities;
6) Export or cause to be exported, or aid in the development of foreign markets for, agricultural commodities (including fish and fish products, without regard to whether such fish are harvested in agricultural operations);
7) Carry out conservation or environmental programs authorized by law; and
8) Carry out such other operations as the Congress may specifically authorize.

Food Security Act of 1985

The Food Security Act of 1985 allows lower price and income supports, lower dairy supports, establishment of a dairy herd buyout program, and creation of a Conservation Reserve Program, which was designed to discourage the conversion of wetlands into non-wetland areas. These provisions collectively, are commonly referred to as the "Swampbuster" provisions (Food Security Act of 1985 (Title XII, Subtitle C)). Swampbuster provisions denied Federal farm program benefits to producers who converted wetlands after December 23, 1985. The Food, Agriculture, Conservation, and Trade Act of 1990 strengthened Swampbuster by making violators ineligible for farm program benefits for that year and subsequent years. The Act also created a system for inadvertent violations allowing farmers to regain lost federal benefits if they restore converted wetlands.

FSA's implementing guidance for the Swampbuster provisions establishes the terms and conditions under which a person who has produced an agricultural commodity on newly converted wetlands shall be declared ineligible for certain benefits provided by USDA. Such benefits include: commodity price support or production adjustment payments; farm storage facility loans; disaster payments; payments for storage of grain owned or controlled by the CCC; Federal crop insurance; and FmHA loans.

Agricultural Assistance Act 2003

The Agricultural Assistance Act of 2003 was signed into law on February 20, 2003. The Act authorizes total disaster aid estimated at $3.1 billion for producers suffering from natural disasters and related conditions. The Act includes the Livestock Compensation Program (LCP), Crop Disaster Program (CDP), Livestock Assistance Program (LAP), Sugar Cane Producer Program, Sugar Beet Producer Program, Cottonseed Industry Program, and the Tobacco Payment Program.

Discretion of the Secretary of Agriculture

The Secretary of Agriculture can delegate authority for all functions within USDA that are not specifically assigned to a certain agency by law. However, the Secretary of Agriculture cannot delegate programs related to the Natural Resources Conservation Service (NRCS). The following delegations of authority are made by the Under Secretary for Farm and Foreign Agricultural Services to the Administrator of FSA under 7 C.F.R. Part 2.42. These delegations are grouped into three (3) categories – FSA Functions and Activities, Legislation Administration Responsibility (responsibility for administering all programs under a given legislation), and Specific Program Delegations (individual programs that were assigned to FSA from various legislation sources).

FSA Functions and Activities

1) Conduct fiscal, accounting and claims functions relating to CCC programs for which FAS has been delegated authority, and in conjunction with other agencies of the Government, develop and formulate agreements to reschedule amounts due from foreign countries;
2) Supervise and direct FSA State and County offices and delegate functions to be performed by the FSA State and County Committees;
3) Administer energy management activities as assigned;
4) Conduct producer referenda of commodity promotion programs under the Beef Research and Information Act;
5) Exercise the authority of the Secretary of Agriculture related to compliance with applicable pollution control standards, to enter into an inter-agency agreement with the United States Environmental Protection Agency, or an administrative consent order or a consent judgment in an appropriate State, interstate, or local agency, containing a plan and schedule to achieve and maintain compliance with applicable pollution control standards established pursuant to the Solid Waste Disposal Act;
6) Formulate and administer regulations regarding program ineligibility resulting from convictions under Federal or State law of planting, cultivating, growing, producing, harvesting, or storing a controlled substance;
7) Determine, with the concurrence of the General Counsel, which actions are to be referred to the Department of Justice for the conduct of litigation. Enter into contracts with private sector attorneys for the conduct of litigation, with the concurrence of the General Counsel, after determining that the attorneys will provide competent and cost effective representation for the Farm Service Agency and perform other activities under the Consolidated Farm and Rural Development Act (Con Act) Section 331(c);
8) Collect, service, and liquidate loans made or insured by the FSA, or its predecessor agencies;
9) Administer loans to homestead or desertland entrymen and purchasers of land in reclamation projects or to an entryman under the desertland law; and
10) Administer loans to Indian tribes and tribal corporations.

Legislation Administration Responsibilities

1) Formulate policies and administer programs authorized by the Agricultural Adjustment Act of 1938 and 1949;

2) Administer responsibilities and functions assigned under the Defense Production Act of 1950 and Title VI of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, relating to agricultural production; food processing, storage, and distribution of farm equipment and fertilizers, rehabilitation and use of feed, agricultural and related agribusiness facilities; and farm credit and financial assistance;

3) Conduct assigned activities under the Strategic and Critical Materials Stockpiling Act;

4) Administer procurement, processing, handling, distribution, disposition, transportation, payment, and related services with respect to surplus removal and supply operations that are carried out under section 210 of the Agricultural Act of 1956;

5) Administer commodity procurement and supply, transportation (other than from point of export, except for movement to trust territories or possessions), handling, payment, and related services in connection with programs under Titles II and III of the Agricultural Trade Development and Assistance Act of 1954, also known as Public Law 480, or Food for Peace. (Pub. L. 480);

6) Administer the Agricultural Foreign Investment Disclosure Act of 1978;

7) Conduct field operations of diversion programs for fresh fruits and vegetables under Section 32 of the Act of August 29, 1935;

8) Administer the U.S. Warehouse Act, and perform compliance examinations;

9) Administer the provisions of the Soil Conservation and Domestic Allotment Act;

10) Exercise the functions delegated to the Secretary by Executive Order, as amended, under the following provisions of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980;

11) Administer the provisions of Section 326 of the Food and Agricultural Act of 1962;

12) Administer the Consolidated Farm and Rural Development Act (Con Act);

11) Administer the Rural Rehabilitation Corporation Trust Liquidation Act and trust, liquidation, and other agreements entered into pursuant thereto;

13) Administer FmHA or any successor agency assets conveyed in trust under the Participation Sales Act of 1966;

14) Administer the Federal Claims Collection Act of 1966;

15) Service, collect, settle, and liquidate:(A) Deferred land purchase obligations of individuals under the Wheeler-Case Act of August 11, 1939, and under the item, ``Water Conservation and Utilization projects,'' (B) Puerto Rican Hurricane Relief loans, (C) Loans made in conformance with Section 4 of the Southeast Hurricane Disaster Relief Act of 1965;

16) Administer the Crop Disaster Program, the Livestock Assistance Program, the American Indian Livestock Feed Program, the Tree Assistance Program, and payments for dairy and cottonseed losses associated with the Military Construction Appropriations and Emergency Hurricane Supplemental Appropriations Act, 2005;

17) Administer financial assistance programs relating to the Economic Opportunity Act of 1964;

18) Carry out functions relating to highly erodible land and wetland conservation under the Food Security Act of 1985;

19) Determine the type and quantity of commodities that are available for programming under Section 416(b) of the Agricultural Act of 1949, and the Food for Progress Act of 1985;

20) Formulate policies and administer programs authorized by Title I of the Federal Agriculture Improvement and Reform Act of 1996, also known as the Agricultural Marketing Transition Act (AMTA);

21) Administer all programs of the CCC that provide assistance with respect to the production of agricultural commodities, including disaster assistance and the domestic marketing of such commodities, except as may otherwise be reserved by the Under Secretary for Farm and Agricultural Services;

22) Administer the provisions of the Farm Security and Rural Investment Act of 2002; and

23) Administer the provisions of the Military Construction Appropriations and Emergency Hurricane Supplemental Appropriations Act of 2005.

Specific Program Delegations

1) Manage Aerial Photography Program to coordinate and prevent duplication of aerial photographic work;

2) Administer the Agricultural Conservation Program under Title X of the Agricultural Act of 1970;

3) Administer the Emergency Conservation Program under the Agricultural Credit Act of 1978;

4) Administer the Dairy Indemnity Program under the Agricultural Act of August 13, 1968;

5) Administer the Emergency Loan and Guarantee Programs under the Disaster Relief Act of 1970;

6) Administer the State Agricultural Loan Mediation Program;

7) Formulate and carry out the Conservation Reserve Program;

8) Administer the Integrated Farm Management Program under the Food, Agriculture, Conservation, and Trade Act of 1990;

9) Conduct an Options Pilot Program pursuant to Sections 1151-1156 of the Food, Agriculture, Conservation, and Trade Act of 1990;

10) Administer the provisions concerning the End-use Certificate Program authorized by the North American Free Trade Implementation Act;

11) Administer programs for Apple Loans and Emergency Loans for Seed Producers under the Agricultural Risk Protection Act of 2000; and

12) Administer evaluations of Direct and Guaranteed Loan Programs under Section 5301 of the Farm Security and Rural Investment Act of 2002.

Other Legislation

Other legislation was noted in the program authorities listing found later in this document, but which was not noted in the delegations of authority. This legislation is:

- Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act of 1997
- Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act of 2002
- Grain Standards and Warehouse Improvement Act of 2000
- Agriculture Risk Protection Act of 2000
- Agricultural Credit Act of 1987
- Agricultural Programs Adjustment Act of 1984
- Emergency Agricultural Credit Adjustment Act of 1978
- Economic Opportunity Act of 1967
- Trade Act of 2002
- Section 32 of the Act of August 24, 1935

Gray Areas of FSA Roles and Responsibilities

The topics of Outreach and Awareness, Nutritional Education, Beginning Farmers and Ranchers, and Homeland Security regarding FSA's authorities over such programs have been raised in stakeholder sessions. FSA's roles in each of these areas of concern (other than Homeland Security) are not explicitly defined in legislation, though programs have been developed to address them.

Outreach and Awareness. In the legislation reviewed, the FSA is not specifically authorized to develop and/or administer a farming awareness program. However, the FSA Outreach Programs Staff coordinates and implements agency-wide outreach activities to agricultural producers and other stakeholders, especially the underserved, who can benefit from the agency's programs and services. The staff's goal is to increase the participation of underserved customers, particularly minority producers and women, in agricultural programs. In regards to outreach and awareness of farming, the Secretary may establish a beginning farmer and rancher development program to provide training, education, outreach, and technical assistance initiatives for beginning farmers or ranchers.[4] In addition, the Secretary may carry out an outreach and technical assistance program to encourage and assist socially disadvantaged farmers and ranchers in owning and operating farms and ranches.[5] The Food Agriculture, Conservation, and Trade Act of 1990 (7. U.S.C. 2279) (FACT Act) authorizes outreach programs at USDA administered through grants to schools and community groups for all USDA programs,

[4] The Farm Security and Rural Investment Act of 2002. Title VII, Subtitle D, Section 7405. May 13, 2002.
[5] The Farm Security and Rural Investment Act of 2002. Title VII, Subtitle X, Subtitle H, Section 10707a(1). May 13, 2002.

including FSA's Farm Loan Programs. The FACT Act was amended by Sections 10707 and 10708 of the Farm Security and Rural Investment Act of 2002.

Section 5 of the Agriculture Credit Improvement Act of 1992, (Pub. L. 102-554) required the Secretary to establish the Advisory Committee on Beginning Farmers and Ranchers. DR 1042-119 (August 27, 2003), established the Advisory Committee on Beginning Farmers and Ranchers. The committee reports to the Secretary of Agriculture through the FSA Administrator. FSA provides support for the committee.

Nutritional Education and Responsibility. Title IV of the Farm Bill 2002 provides for nutrition programs, including food stamp and child nutrition programs. Additionally, Title VII of the Farm Bill 2002 includes a provision to develop a program to combat childhood obesity by allowing for research and extension grants to be made to institutions of higher education with demonstrated capacity in basic and clinical obesity research, and nutrition research.[6] The legislation does not designate the FSA to administer nutritional education programs. In addition, the FSA is not chartered to establish programs to monitor and evaluate food nutrition. Furthermore, other agencies are explicitly designated within the legislation to administer nutritional education programs under the Department of Agriculture - the Food and Nutrition Service and the Center for Nutrition Policy and Promotion.

Homeland Security. Under Homeland Security Presidential Directive (SPD 7), Subject: Critical Infrastructure Identification, Prioritization, and Projection, (December 2003) Homeland Security Presidential Directive (SPD 9), Subject: Defense of United States Agriculture and Food (January 2004) and recommendations in an Office of Inspector General Audit Report No. 5099-13-KC, entitled "Homeland Security Issues For, USDA Commodities (February 2004) FSA programs require risk assessments which involve the safe storage of owned or loaned, licensed food and fiber supply to avoid contamination. OIG has also identified other FSA program areas in the fields of cattle identification, e-authentication, and tracking foreign ownership of agricultural land as Homeland Security issues.

Beginning Farmers and Ranchers. The Farm Bill does not explicitly designate the FSA or other agencies to administer programs pertaining to beginning farmers and ranchers. The Farm Bill specifies the following programs to service beginning farmers or ranchers, but the legislation does not cite FSA as the responsible agency:

- Beginning Farmer and Rancher Development Program. The Secretary of Agriculture shall establish a beginning farmer and rancher development program to provide training, education, outreach, and technical assistance initiatives for beginning farmers or ranchers. Also, the Secretary will make competitive grants to support new and established local and regional training, education, outreach, and technical assistance initiatives for beginning farmers or ranchers.[7]

- Loan Guarantees Made Under State Beginning Farmer or Rancher Programs. The Secretary of Agriculture may guarantee a loan made under a State beginning farmer or rancher program, including a loan financed by the net proceeds of a qualified small issue agricultural bond for land or property.[8]

- Beginning Farmer and Rancher Land Contract Pilot Program. The Secretary shall carry out a pilot program in no fewer than five states, as determined by the Secretary, to guarantee up to five loans per State in each of fiscal years 2003 through 2007 made by a private seller of a farm or ranch to a qualified beginning farmer or rancher on a contract land sale basis.[9]

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[6] The Farm Security and Rural Investment Act of 2002, Title VII, Subtitle B, Section 7208, May 13, 2002.
[7] The Farm Security and Rural Investment Act of 2002, Title VII, Subtitle D, Section 7405, May 13, 2002.
[8] The Farm Security and Rural Investment Act of 2002, Title V, Subtitle A, Section 5004, May 13, 2002.
[9] The Farm Security and Rural Investment Act of 2002, Title V, Subtitle A, Section 5006, May 13, 2002.

FSA provides the following services to new and beginning farmers or ranchers:

- Beginning Farmer and Rancher Land Contract Guarantee Pilot Program. This pilot program will explore whether or not land contract sales are a viable alternative for facilitating land transfers to beginning farmers and ranchers. The program will be available in the following States: Indiana, North Dakota, Oregon, Pennsylvania, Wisconsin, and Iowa. In each State, up to five private contract land sales between a retiring and beginning farmer will be guaranteed.

- Targeted Funds to Beginning Farmers. Each year Congress targets a percentage of farm ownership and farm operating loan funds to beginning farmers. Beginning farmers must have been in the business less than 10 years and meet certain other requirements. The FSA provides direct and guaranteed loans to beginning farmers and ranchers who are unable to obtain financing from commercial credit sources.

- Farm Ownership Down Payment Loans. Eligible beginning farmer applicants may obtain a direct loan for up to 40 percent of the purchase price of a family-size farm, or the farm's appraised value, whichever is less. Applicants must provide at least a 10 percent down payment on the purchase. The interest rate on the 40 percent portion is fixed at 4 percent, and it must be repaid in 15 years or less. The remaining balance may be guaranteed by FSA if financed by an eligible lender. The purchase price or appraised value of the farm, whichever is lower, may not exceed $250,000.

- Rural Youth Loans. These are available as direct loans only and have a maximum loan amount of $5,000. Rural youth loans may be made to individuals who are sponsored by a project advisor, such as a 4-H Club, FFA or local vocational instructor. Individuals must be at least 10 but not more than 20 years old to be eligible.

Program Alignment to Legislation

Farm Security and Rural Investment Act of 2002
(Farm Bill 2002)

Apple Market Loss Assistance Program
Bioenergy Program
Dairy Indemnity Program
Direct and Counter-Cyclical Payment Program
Extra Long Staple Cotton Competitiveness Program
Export Commodity Purchase Programs
Grassland Reserve Program
Hard White Wheat Incentive Payment Program
Milk Income Loss Contract Program
Non-resource Marketing Assistance Loans and Loan
Deficiency Payments
Peanut Quota Buyout Program
Sugar Loan Program and Sugar Marketing Allotments
Sugar Storage Facility Loan Program
Tree Assistance Program
Upland Cotton Competitiveness Program

CON ACT

Beginning Farmer Down Payment Loan
Debt for Nature Program
Direct Farm Operating Loan Program
Direct Farm Ownership Loan Program
Emergency Loans
Guaranteed Farm Operating Loan Program
Guaranteed Farm Ownership Loan Program
Youth Loans

CCC Charter Act

Bioenergy Program
Farm Storage Facility Loan Program
Total Quality Systems Audit
Inventory Management and Operations Program

Delegations of Authority

Agriculture Assistance Act of 2003
Cottonseed Disaster Program
Crop Disaster Program
Livestock Assistance Program
Livestock Compensation Program
New Mexico Tebuthiuron
Sugar Beet Disaster Program
Sugar Cane Hurricane Program
U.S. Warehousing Act. (USWA)
Federal Warehousing Licensing Program
Agriculture Act of 1949
Milk Price Support Program
Flue-cured Tobacco: 2002 Support Program
Other Tobaccos
Food Security Act of 1985
Conservation Reserve Program (CRP)
Other Source Legislation
2001 Idaho Oust Program
Agriculture Mediation Program
Bill Emerson Humanitarian Trust Program
Boll Weevil Eradication Loan Program
Burley Tobacco: 2002 Support Program
Domestic Commodity Purchase Program
Emergency Conservation Program
Ewe Lamb Retention Program
Export Commodity Purchase Program
End Use Certificate Program
Indian Tribal Land Acquisition Program
Karnal Bunt Program
Lamb Meat Adjustment Assistance Program
Livestock Indemnity Program
Noninsured Corp Disaster Assistance Program
Trade Adjustment Assistance for Farmers

FSA-Administered Programs – Supplemental Legislative Authorities Information

The following is a current list of FSA-administered programs with a synopsis of their legislative authorities:

Agricultural Mediation Program – Helps agricultural producers, their lenders, and other persons directly affected by the actions of USDA resolve disputes. Through mediation, a trained, impartial person (mediator) helps participants review their conflicts, identify options, and agree on solutions. Mediation is a valuable tool for settling disputes in many different USDA program areas. These include farm loans, farm and conservation programs, wetland determinations, rural water loan programs, grazing on national forest system lands, and pesticides usage. The program is authorized through 2005 by the Agricultural Credit Act of 1987 (Pub. L. 100-233)(7 U.S.C. 5101 –5104), as amended by the Grain Standards and Warehouse Improvement Act of 2000 (Pub. L. 106-372).

Apple Market Loss Assistance Program (AMLAP) – To be eligible for this program, producers on an apple operation must have produced and harvested apples in the United States any time during the 2000 crop year, must not have been compensated for the same market loss by any other Federal program, and must apply for payment during the application period. Payments are made to an eligible apple operation on the first 5 million pounds of apple production from the 2000 apple crop that was produced and harvested. The program provides $94,000,000 of economic assistance to the nation's apple growers for market losses suffered on their 2000-crop apple production. An eligible apple operation is any individual, joint operation, or entity who shares in the risk of an apple operation's total production and who, as a single unit as determined by CCC, produces and markets apples and whose production and facilities are located in the United States. The program is authorized by Section 10105 of the Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171).

Beginning Farmer Down Payment Loan – This is a type of farm ownership loan made to eligible applicants to finance a portion of a real estate purchase. The statutory authority for beginning farmer down payment loans is Section 310E of the Consolidated Farm and Rural Development Act (Pub. L. 87-128) (7 U.S.C. 1935).

Bill Emerson Humanitarian Trust- The Bill Emerson Humanitarian Trust is a food reserve program administered under the authority of the Secretary of Agriculture. This reserve is available to meet emergency humanitarian food needs in developing countries, allowing the United States to respond to unanticipated food crises with U.S. commodities. Up to 4 million metric tons of U.S. wheat, corn, sorghum, and rice can be kept in reserve. On Dec. 31, 2002, the reserve held about 2.0 million metric tons of wheat. All commodities in the reserve and all donations made using the reserve are U.S. commodities. This program is authorized by Section 3202 of the Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171).

The Secretary of Agriculture is authorized to release commodities from the reserve to meet unanticipated emergency needs that cannot otherwise be met under Pub. L. 480, Food for Peace, the U.S. government's major humanitarian food aid program. Each fiscal year, the Secretary can release for this purpose up to 500,000 metric tons, plus up to another 500,000 metric tons that could have been released in prior years but was not released. The Secretary is also authorized to release eligible commodities for use under Pub. L. 480 if the domestic supply of that commodity is determined to be in limited supply and would not meet the availability criteria of the program.

Bioenergy Program – This program pays U.S. commercial bioenergy producers, both ethanol and biodiesel, to increase their bioenergy production from eligible commodities in one fiscal year (FY) compared to the same time period in the previous FY and FY to date. The program also pays biodiesel producers for production that is not an increase from the previous FY (base production) at 50 percent the rate of increased production. Bioenergy is commercial fuel-grade ethanol and biodiesel made from program eligible commodities. The Bioenergy Program is authorized by Section 9010, Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171) (7 U.S.C. 8108) and Section 5(e) of the CCC Charter Act (15 U.S.C. 714c).

Boll Weevil Eradication Program – This program provides loans to nonprofit organizations working with State Departments of Agriculture, USDA Animal and Plant Health Inspection Service, and the National Cotton Council to eradicate boll weevils. The statutory authority is the Agriculture, Rural Development, Food and Drug Administration and Related Agencies Appropriations Act of 1997 (Pub. L. 104-180).

Burley Tobacco: 2002 Support Program and Related Information – Marketing quotas limit the amount of tobacco that a producer can sell in a given year. Farm marketing quotas, on a poundage bases, are in effect for 2002-crop burley tobacco. The marketing year for burley tobacco begins October 1. The Agricultural Adjustment Act of 1938 (7 U.S.C. 1301), as amended, has authorized burley poundage quotas in lieu of acreage allotments. The statutory authority was further amended in 1986 to revise the formulas for the marketing quota and price support level. By 97.4 percent, producers voting in a February 2001 referendum approved the poundage program for the 2001-2003 crops. The national marketing quota for the 2002 burley crop is 324.2 million pounds, 2.3 percent less than the 2001-crop quota. Under poundage marketing quotas, if the marketings from a farm are less than its poundage quota, then the difference is added to the farm's quota for the next crop year. Tobacco marketings above a farm's poundage quota are deducted from the next year's quota.

Conservation Reserve Program (CRP) – This voluntary program provides agricultural producers and landowners assistance in safeguarding environmentally sensitive land. Producers enrolled in CRP plant long-term, resource-conserving covers to improve the quality of water, control soil erosion, and enhance wildlife habitat. In return, CCC provides participants rental payments and cost-share assistance. Contract duration is between 10 and 15 years. CRP was authorized by Section 1231 of the Food Security Act of 1985, as amended (Pub. L. 99-198) (16 U.S.C. 3831, et seq.) The Conservation Reserve Enhancement Program (CREP) is a voluntary land retirement program that helps agricultural producers protect environmentally sensitive land, decrease erosion, restore wildlife habitat, and safeguard ground and surface water. The program is a partnership among producers; tribal, State, and Federal governments; and, in some cases, private groups. CREP is an offshoot of the CRP and provides producers with additional incentive payments, cost-share assistance, and eligible conservation practices. The Bottomland (hardwood) Timber Establishment on Wetlands initiative is a new effort under the CRP that works to improve air and water quality as well as increase wildlife habitat along wetland areas. The initiative allows producers to enroll in a CRP practice on lands suitable for growing bottomland hardwood trees or adapted shrubs that will provide multipurpose forest and wildlife benefits. Beginning Dec.1, 2003, producers enrolled in the Bottomland Timber Establishment on Wetlands initiative through CRP. For continuous sign-up, the effective date of the CRP contract is the first day of the month following the month of approval. In certain circumstances, producers may defer the effective date for up to 6 months. If the acreage is currently under CRP contract and is within one year of the scheduled expiration date, the effective date is October 1 following the expiration date.

Cottonseed Payment Program – This program directs the Secretary of Agriculture to use $50 million of CCC funds to provide assistance to producers and first handlers of the 2002 crop of cottonseed. This program is authorized by Section 206 of the Agriculture Assistance Act of 2003 (Pub. L. 108-7, Division N, Title II).

Crop Disaster Program (CDP) –This program reimburses eligible producers for qualifying losses to agricultural commodities (other than sugarcane, sugar beets or tobacco) due to damaging weather or related conditions. The damages must be in excess of 35 percent for either the 2001 or 2002 crop for loss of production or 20 percent for quality losses. The program has no set funding limitation. This program is authorized by Section 202 of the Agricultural Assistance Act of 2003 (Pub. L. 108-7, Division N, Title II).

Dairy Indemnity Program (DIP) – This program makes payments to dairy producers when a public regulatory agency directs them to remove their raw milk from the commercial market because it has been contaminated by pesticides, nuclear radiation or fallout, or toxic substances and chemical residues other than pesticides. Payments are made to manufacturers of dairy products only for products removed from the market because of pesticide contamination. The program is authorized by Section 3 of the Economic Opportunity Act of 1964, as amended (Pub. L. 90-484) (7 U.S.C. 4501). Section 1503(b) of the Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171) continued this program through FY 2007.

Debt for Nature Program – This program is available to borrowers who have FSA loans secured by real estate. Under this program, borrowers have a portion of their debt cancelled in exchange for a conservation contract established for conservation, recreation or wildlife purposes. The term of the contract may be 50, 30, or 10 years. The statutory authority for the Debt for Nature Program is Section 349 of the Consolidated Farm and Rural Development Act (Pub. L. 87-128) (7 U.S.C. 1997).

Direct and Counter-Cyclical Payment (DCP) Program – This program provides payments to eligible producers on farms enrolled for the 2002 through 2007 crop years. There are two types of DCP payments – direct payments and counter-cyclical payments. Both are computed using the base acres and payment yields established for the farm. Direct payments are not tied to current production but rather to the enrolled farm's historical production base of covered commodities. Base acres and payment yields are established for the following commodities: barley; corn; grain sorghum, including dual-purpose varieties that can be harvested as grain; oats; canola, crambe, flax, mustard, rapeseed, safflower, sesame and sunflower, including oil and non-oil varieties; peanuts, beginning in DCP; rice, excluding wild rice; soybeans; upland cotton; and wheat. DCP Counter-cyclical payments provide support counter to the cycle of market prices as part of a *safety net* in the event of low crop prices. Counter-cyclical payments for a commodity are only issued if the effective price for a commodity is below the established target price for the commodity. The Secretary of Agriculture will determine if a counter-cyclical payment will be made for a covered commodity at the end of the established marketing year. Counter-cyclical payments are only paid on eligible commodities for marketing years in which DCP is authorized by Sections 1101–1108 of the Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171) (7 U.S.C. 7911 et seq.).

Direct Farm Ownership Loan – This is a loan made to eligible applicants to purchase, enlarge, or make capital improvements to family farms, or to promote soil and water conservation and protection. Maximum loan amount is $200,000. A percentage of direct farm ownership loan funds are targeted for beginning farmers and socially disadvantaged applicants as mandated by Sections 346 and 355 of the Consolidated Farm and Rural Development Act (Pub. L. 87-128) (Con Act) (7 U.S.C. 1994 and 7 U.S.C. 2003), respectively. The statutory authority for direct farm ownership loans is Section 302 of the Con Act (7 U.S.C. 1922).

Direct Farm Operating Loan – This is a loan made to an eligible applicant to assist with the financial costs of operating a farm. Maximum loan amount is $200,000. A percentage of direct operating loan funds is targeted for beginning farmers as mandated Sections 346 and 355 of the Consolidated Farm and Rural

Development Act (Pub. L. 87-128) (Con Act) (7 U.S.C. 1994 and 7 U.S.C. 2003), respectively. The statutory authority for direct operating loans is Section 311 of the Con Act (7 U.S.C. 1911).

Domestic Commodity Purchase Program – The Domestic Programs Branch (DPB) formulates national policies and procedures and coordinates program operations to carry out the purchase and delivery of processed commodities to domestic food distribution program outlets. DPB also is responsible for dairy commodities donated under the Milk Price Support (MPS) program. In order to further facilitate their use in food assistance programs, MPS products purchased in bulk form are repackaged in forms suitable for donations. Domestic distribution program approval is required by the Food and Nutrition Service. The Program is authorized under the Richard B. Russell National School Lunch Act, as amended through Pub. L. 107-249; Child Nutrition Act of 1996, as amended through Pub. L. 107-249; Emergency Food Assistance Act of 1983, as amended through Pub. L. 107-249; Agriculture and Consumer Protection Act of 1973, as amended; and the Agricultural Act of 1956.

Emergency Conservation Program (ECP) – This program provides emergency funding for farmers and ranchers to rehabilitate farmland damaged by wind erosion, floods, hurricanes, or other natural disasters, and for carrying out emergency water conservation measures during periods of severe drought. The natural disaster must create new conservation problems, which, if not treated, would: impair or endanger the land; materially affect the productive capacity of the land; represent unusual damage which, except for wind erosion, is not the type likely to recur frequently in the same area; and be so costly to repair that Federal assistance is, or will be, required to return the land to productive agricultural use. This program is authorized by Section 401 of the Agricultural Credit Act of 1978 (Pub. L. 95-334) (16 U.S.C. 2201).

Emergency Loan Program – Loans are available to eligible applicants who have incurred substantial financial losses from a disaster. The program is only implemented in those counties and contiguous counties affected by natural disasters as declared by a Presidential or Secretarial Disaster Declaration. Maximum outstanding loan amount is $500,000. The statutory authority for emergency loans is Section 321 of the Consolidated Farm and Rural Development Act (Pub. L. 87-128) (7 U.S.C. 1961).

Canadian Wheat - End Use Certificate Program – FSA monitors Canadian wheat imports under end-use certificates authorized by the North American Free Trade Agreement Implementation Act. The certificates track Canadian wheat imports and how the imports are consumed. Congress enacted the program in February 27, 1995, as a result of the North American Free Trade Agreement legislation to ensure foreign wheat does not benefit from U.S. export programs. Under the program importers of Canadian wheat, regardless of ultimate use, must complete the end-use certificate. Transactions subsequent to entry must be reported, and all purchasers must continue to report any consumption (19 U.S.C. 3391f).

Export Commodity Purchase Program – U.S. support for overseas food aid was formalized in the Agricultural Trade Development and Assistance Act of 1954, also known as Pub. L. 480, Food for Peace. USDA/FSA is involved in the purchase of bulk commodities needed to fill the food aid or humanitarian assistance mission. This export purchase program provides food assistance throughout the world to people in need and requires approval by the Foreign Agricultural Service (FAS) or by the U.S. Agency for International Development (USAID).

Title II of the Food for Peace Program -- Emergency & Private Assistance Programs – promotes humanitarian food aid assistance to targets groups throughout the world. The Title II programs are designed to stabilize food shortages and promote managed growth in developing countries, particularly during times of famine resulting from conflicts and natural disaster such as droughts and hurricanes. Non-emergency Title II activities of both the World Food Program (WFP) and the private voluntary organizations (PVOs) are expected to expand in the future. In this regard, renewed attention will be given to activities that use food for humanitarian feeding and for education. USAID's objective, through the use of P.L. 480 Title II development food aid or non-emergency food aid, is to increase the effectiveness of USAID partners in carrying out Title II activities. Title II development food aid focuses on mitigating food insecurity through activities implemented by PVOs and the WFP.

Title III of the Food for Peace Program -- Food for Progress & Food for Development – specifically targets countries committed to expanding market-oriented economies. Section 416(b) of the Agriculture Assistance Act of 1949 and 7 CFR Part 1499, Section 416 mandates the prevention of commodities acquired by CCC before they can be disposed of in normal domestic channels or sold abroad at competitive world prices. Surplus commodities are donated by the CCC through Title 7 of the Food Donations Program. Food for Education helps supports education, child development, and food security overseas. Food assistance is provided to recipients distributed by PVOs operating in over 80 countries feeding unknown number of recipients.

FY 2003 commodity expenditures were: Title II of Pub. L. 480 -- $ 868.2 million, Title III of Pub. L. 480 - $ 0, Food Security Act of 1985 (a.k.a. Food for Progress) -- $ 156.4 million, Section 416(b)of Agricultural Act of 1949 (7 C.F.R. Part 1499) -- $ 153.5 million, and Food for Education -- $ 13.7 million. These various food assistance programs are authorized under the Agricultural Trade and Development Act of 1954, Titles II & III of Pub. L. 480; Section 1110 of Food Security Act of 1985 (Food for Progress); Section 416 of the Agricultural Act of 1949; Section 3107 of the Farm Security and Rural Investment Act of 2002 (a.k.a. Food for Education); and the Bill Emerson Humanitarian Trust, (7 U.S.C. 1736f –1).

Extra Long Staple (ELS) Cotton Competitiveness Payment Program – Producers may receive marketing assistance loans on all ELS cotton production. For ELS cotton to be eligible for a marketing assistance loan, producers must comply with applicable conservation and wetland requirements, report their ELS cotton planted acreage, comply with crop insurance requirements, and have beneficial interest in the cotton at the time the loan is requested and throughout the loan period. Further, cotton must be ginned on a roller-type gin, carry an approved USDA Agricultural Marketing Service class, and be placed in a CCC-approved warehouse. Cotton placed under a marketing assistance loan may be forfeited to CCC when the loan expires in full satisfaction of the loan. Section 1208 of the Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171) (7 U.S.C. 7938) continued the Cotton Competitiveness Payment Program through July 31, 2008.

Ewe Lamb Retention and Replacement Program – An $18 million program to enhance the competitiveness of the domestic lamb and sheep industry and re-establish producers' purchasing power. The Ewe Lamb Replacement and Retention Program will pay producers $18 per head for ewe lambs purchased or retained between Aug. 1, 2003, and July 31, 2004. This program was authorized by Clause (3) of Section 32 of the Agriculture Act of 1935, as amended (7 U.S.C. 612c).

Farm Storage Facility Loan Program – USDA may make loans to producers to build or upgrade farm storage and handling facilities. Commodities covered under this storage program are rice, soybeans, dry peas, lentils, small chickpeas, peanuts, sunflower seeds, canola, rapeseed, safflower, flaxseed, mustard seed, and other oilseeds as CCC determines and announces. Corn, grain sorghum, oats, wheat, or barley harvested as whole grain or other than whole grain are also eligible. The program is authorized under the CCC Charter Act (15 U.S.C. 714).

Federal Warehouse Licensing Program- The United States Warehouse Act (USWA) authorizes the Secretary of Agriculture to license warehouse operators who store agricultural products. Warehouse operators that apply must meet the USDA standards established within the USWA and its regulations. Application is voluntary. Applicants agree to be licensed under the USWA, observe the rules for licensing and pay associated user fees. Grain equipment and measurement standards can be found in the Fair Grain Standards Act (7 C.F.R. Part 802) and grain grading factors are found in the Federal Grain Inspection Service Standards (7 C.F.R. Part 810). The Grain Standards and Warehouse Improvement Act of 2000 (Pub. L. 106-472) authorized the use of electronic warehouse receipts (EWRs) and other electronic documents (OEDs) for all covered commodities and amended the USWA in its entirety.

Flue-Cured Tobacco: 2002 Support Program and Related Information – Marketing quotas limit the amount of tobacco a producer can sell in a given year. The marketing year for flue-cured tobacco begins July 1. Since 1965, Section 301 of the Agricultural Adjustment Act of 1938, as amended, (7 U.S.C. 1311) provides for acreage-poundage quotas for this kind of tobacco. The statutory authority was further amended in 1986 to revise the formulas for the marketing quota and price support level. By 97.6 percent, producers voting in a January 2001 referendum approved the program for the 2001-2003 crops. Price support is authorized by Section 106 of the Agricultural Act of 1949, as amended (7 U.S.C. 1445).

Guaranteed Farm Ownership Loan – A loan made by another lender and guaranteed by FSA to eligible applicants to purchase, enlarge, or make capital improvements to family farms, or to promote soil and water conservation and protection. Maximum loan amount is $782,000 (for FY 2004). A percentage of guaranteed farm ownership loan funds is targeted for beginning farmers as mandated by sections 346 and 355 of the Consolidated Farm and Rural Development Act (Con Act) (Pub. L. 87-128) (7 U.S.C. 1994 and 7 U.S.C. 2003), respectively. The statutory authority for guaranteed farm ownership loans is Section 302 of the Con Act (7 U.S.C. 1922).

Guaranteed Farm Operating Loan – A loan made by another lender and guaranteed by FSA to an eligible applicant to assist with the financial costs of operating a farm. Maximum loan amount is $782,000 (for FY 2004). A percentage of guaranteed operating loan funds is targeted for beginning farmers as mandated sections 346 and 355 of the Consolidated Farm and Rural Development Act (Pub. L. 87-128) (Con Act) (7 U.S.C. 1994 and 7 U.S.C. 2003), respectively. The statutory authority for guaranteed operating loans is Section 311 of the Con Act (7 U.S.C. 1941).

Hard White Wheat Incentive Program (HWWIP) – Funded in the 2002 Farm Bill at $20 million, this program aims to increase the supply of hard white wheat available for domestic milling and export and applies to the 2003 through 2005 crop years. FSA conducts HWWIP sign-up annually for each of the 2003 through 2005 crop years. Both hard white winter wheat and hard white spring wheat are eligible for payment. The end use of the wheat may not be for feed use. The authority is section 1616 of the Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171) (7 U.S.C. 7999).

Indian Tribal Land Acquisition Program – This is a loan available to Indian tribes for purchasing privately held lands within their respective reservations' boundaries. The statutory authority for Indian Tribal Land Acquisition loans is Pub. L. 91-229 (25 U.S.C 490).

Inventory Management and Operations Program- Commodity Credit Corporation (CCC) enters into storage agreements with public commercial warehouse operators to store commodities owned by CCC or pledged as security to CCC for marketing assistance loans. Warehouse operators that enter into these agreements must meet standards established by USDA and agree to comply with the terms and conditions of the agreement. Areas covered under this program are: sales contracts for CCC-owned Inventory of non-processed commodities; storage agreements; cotton; grain & rice; peanuts; sugar. This program is authorized under Sections 4 and 5 of the CCC Charter Act.

Karnal Bunt Program – Compensation is paid through the FSA on request by program authorization and regulations provided by Animal and Plant Health Inspection Service (APHIS). The funds are appropriated to FSA from APHIS on an as-need-basis that is based on the findings of karnal bunt detection. This is a program that is on an as-need-basis and there are no payments anticipated for the 04 FY. Authorized by 7 C.F.R Part 301. Section 204, Title II, Pub. L 106-113 and Sec. 203, Title II, Pub. L. 106-224. (Authority: 7 U.S.C. 166, 7711, 7712, 7714, 7731, 7735, 7751, 7752, 7753, and 7754; 7 C.F.R. 2.22, 2.80, and 371.3).

Livestock Assistance Program (LAP) – The program provided $250 million to livestock producers for grazing losses that occurred in either 2001 or 2002. Under LAP, a producer's grazing land must be located in a county that was declared a primary disaster area under a Presidential or Secretarial declaration. The county must have been approved after January 1, 2001, and a designation requested no later than February 20, 2003, and subsequently approved. Contiguous counties were not eligible for grazing loss assistance. The most recent LAP program was authorized by Section 203(b) of the Agricultural Assistance Act of 2003 (Pub. L. 108-7).

Livestock Compensation Program (LCP) – Section 203(a) of the Agricultural Assistance Act of 2003 (Pub. L. 108-7) extended the Livestock Compensation Program (LCP), originally created in 2002, into 2003. The LCP is an emergency initiative administered by FSA that provides immediate assistance to eligible owners and cash lessees of certain types of livestock for damages and losses due to any natural disaster. This program provides direct payments to eligible livestock producers who did not receive assistance under the 2002 LCP and who live in counties that were requested as primary disaster areas under a Presidential or Secretarial disaster declaration between January 1, 2001, and February 20, 2003. Producers of the following livestock are eligible for LCP: cattle, sheep, goats, and buffalo.

The Agricultural Assistance Act of 2003 authorized an expanded version of the LCP, which also included catfish as eligible livestock for LCP. The Emergency Wartime Supplemental Appropriations Act (P.L. 108-11) amended the section of the Agricultural Assistance Act of 2003 applicable to catfish to require that the Secretary of Agriculture provide grants to State Departments of Agriculture which have agreed to provide assistance to eligible applicants.

Livestock Indemnity Program (LIP) – This disaster program provides partial reimbursements to eligible livestock owners for livestock losses suffered due to a natural disaster or other emergency. The most recent LIP, in 2000, was authorized under Section 813 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2001 (Pub. L. 106-387).

Milk Income Loss Contract (MILC) Program – This program compensates dairy producers when domestic milk prices fall below a specified level. MILC payments are made on a monthly basis to eligible producers when the Boston Class I milk price falls below $16.94 per hundredweight (cwt). Sign-up for the MILC program began August 13, 2002, and ends September 30, 2005. Eligible dairy producers can apply for program benefits anytime during this sign-up period. The program is authorized by section 1502 of the Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171) (7 U.S.C. 7981) and has no set funding level.

Milk Price Support Program – This program formulates national policies and procedures to administer the milk price support program through the purchase of dairy products at announced prices. Purchases include nonfat dry milk, cheese, and butter from vendors and processors to support the price of fluid milk. The program also supplies surplus price support commodities to the various food distribution programs. Additionally, this price support program provides surplus commodities for market development and helps maintain market prices at the legislated support level. The program is authorized under Section 416(a) of the Agricultural Act of 1949, as amended; Section 1501 of the Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171); and the CCC Charter Act, as amended.

New Mexico Tebuthiuron – This program provides $l.65 million of CCC funds to reimburse agricultural producers on farms located in the vicinity of Malaga, New Mexico, for all losses to crops, livestock, trees, income and interest and related expenses incurred as a result of the application by the Federal Government of Tebuthiuron on land on or near the farms of the producers in July of 2002. Authorized by Section 210 of the Agricultural Assistance Act of 2003 (Pub. L. 108-7).

Noninsured Crop Disaster Assistance Program (NAP) – This crop loss disaster assistance program provides financial assistance to eligible producers affected by drought, flood, hurricane, or other natural disasters. This federally funded program covers noninsurable crop losses and planting prevented by disasters. Producers who are landowners, tenants, or sharecroppers who share in the risk of producing an eligible crop are eligible to purchase NAP coverage for their eligible crops. Eligible crops include commercial crops and other agricultural commodities produced for food (including livestock feed) or fiber for which the catastrophic level of crop insurance is unavailable. Also eligible for NAP coverage are controlled-environment crops (mushrooms and floriculture), specialty crops (honey and maple sap), and value loss crops (aquaculture, Christmas trees, ginseng, ornamental nursery, and turfgrass sod). This program authorized by Section 196 of the Agricultural Market Transition Act (AMTA) (Pub. L. 104-127) (7 U.S.C. 7333), as amended.

Non-recourse Marketing Assistance Loan and Loan Deficiency Payment (LDP) Programs – These programs provide producers interim financing at harvest time to meet cash flow needs without having to sell their commodities when market prices are typically at harvest-time lows. Allowing producers to store production at harvest facilitates more orderly marketing of commodities throughout the year. Marketing assistance loans for covered commodities are nonrecourse because the commodities are pledged as loan collateral and producers have the option of delivering the pledged collateral to CCC as full payment for the loan at maturity. A producer who is eligible to obtain a loan, but who agrees to forgo the loan, may obtain an LDP. The LDP payments are in marketing assistance payments in lieu of a Marketing Assistance Loan and are only paid on those commodities for which the producer had beneficial interest at the time of application. The LDP rate equals the amount by which the applicable loan rate where the commodity is stored exceeds the alternative loan repayment rate for the respective commodity.

Sections 1201-1209 of the Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171) (7 U.S.C. 7231) (2002 Act) continue the non-recourse marketing assistance loan and LDP provisions of previous legislation. The 2002 Act provides for non-recourse marketing assistance loans and LDP's for the 2002-2007 crops of wheat, corn, grain sorghum, barley, oats, soybeans, other oilseeds (including sunflowers, canola, safflower, flaxseed, rapeseed, mustard seed, crambe, and sesame), rice, upland cotton, peanuts, honey, wool, mohair, dry peas, lentils, and small chickpeas.

Through the Cooperative Marketing Association Program (CMA), marketing cooperatives can obtain FSA marketing assistance loans and loan deficiency payments (LDPs) on behalf of their members. After obtaining a loan or a LDP, cooperatives subtract their own administrative charges and distribute the remaining funds to eligible cooperative members. Cooperatives may also pay eligible members additional net proceeds at the end of the marketing season. The CMA program, begun in 1934 for cotton cooperatives, is funded through CCC.

Other Tobaccos – "Other" tobaccos include dark air-cured, fire-cured, sun-cured, cigar filler & binder tobaccos. Quotas for these types of tobacco are treated differently than burley and flue-cured tobaccos. USDA calculates a quota that is converted to an allotment. The marketing year for "other" tobaccos covered begins October 1. The Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1311), authorizes marketing quotas on an acreage allotment basis for various kinds of tobacco, except cigar wrapper and perique. The Agricultural Act of 1949, as amended, sets the price support at the previous year's level, with an annual adjustment based on the change in a parity index average. Price support is authorized by Section 106 of the Agricultural Act of 1949, as amended (7 U.S.C. 1445).

Peanut Quota Buyout Program (QBOP) – Section 1309 of the Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171) (7 U.S.C. 7959) terminated peanut quotas effective with crop year 2002 and provided for compensation for the loss of quota asset value through QBOP. QBOP payments to eligible quota holders provide compensation for the loss of quota at the rate of $0.11 per pound per year for 5 years or 1 lump sum payment of $0.55 per pound to be issued in the fiscal year elected by the eligible quota holder.

Sugar Beet Disaster Program – This disaster assistance program provides direct payments to producers who suffered 2001 or 2002 crop year sugar beet production losses due to adverse weather conditions. The program, authorized by section 208 of the Agricultural Assistance Act of 2003 (Pub. L. 108-7), is funded up to $60 million. To be eligible, producers must have sustained at least a 35 percent loss in sugar beet production in either the 2001 or 2002 crop years. The loss must have been sustained due to a weather-related condition.

Sugarcane Hurricane Program – This program provides compensation to Louisiana sugarcane producers and processors who suffered economic losses from the cumulative effects of Tropical Storms Isadore and Hurricane Lili and excessive rains in October 2002. The disaster relief program was authorized under Section 207 of the Agricultural Assistance Act of 2003 (Pub. L. 108-8).

Sugar Loan Program and Sugar Marketing Allotments – This program provides that CCC administer non-recourse loans for the 2002 through 2007 sugar crops. The Sugar Loan Program provides non-recourse loans to processors of domestically grown sugarcane and sugar beets. This program helps to stabilize America's sugar industry and ensure the well-being of agriculture in the United States. The program is authorized by Section 156 of the Federal Agriculture Reform Act of 1996 (7 U.S.C. 7272), as amended by Section 1401 of the Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171).

Part VII of subtitle B of Title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359), as amended by Section 1403 of the Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171) provides that at the beginning of each fiscal year, CCC will establish marketing allotments for domestically produced sugar from sugar beets and domestically produced sugarcane. The Secretary will strive to establish an overall allotment quantity that results in no forfeitures of sugar to CCC under the sugar loan program. The Secretary makes estimates of sugar consumption, stocks, production, and imports for a crop year as necessary, but not later than the beginning of each of the second through fourth quarters of the crop year. Prior to the beginning of the fiscal year, these estimates are updated.

Sugar Storage Facility Loan Program – This loan program provides intermediate-term loans to processors of domestically produced sugarcane and sugar beets for the construction or upgrading of storage and handling facilities for raw sugars and refined sugars. Loans may be made only for the purchase and installation of eligible storage facilities, permanently affixed handling equipment, or the remodeling of existing facilities. The facility loan program is authorized under Section 1402 of the Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171) (7 U.S.C.7971).

Total Quality Systems Audit (TQSA) – The TQSA system is a customer-focused quality management tool that was designed to ensure that the commodities entering domestic and export food aid programs meet U.S. and international quality standards. TQSA replaces the old "end-item" inspection process that was used to verify the quality of food items. Rather than waiting until a final product is manufactured to determine if it meets USDA's stringent quality requirements, TQSA is a systems approach that considers not only the characteristics of the final product, but also evaluates how the product is produced. Under TQSA, auditors work with commodity suppliers to ensure that they have the capability to consistently provide quality products that fully meet customers' expectations. These audits return the responsibility for quality assurance to the manufacturer, where it rightfully belongs. This program is authorized by Section 4 and 5 of the CCC Charter Act, as amended.

Trade Adjustment Assistance (TAA) for Farmers – This program provides technical assistance and cash benefits to eligible producers of raw agricultural commodities such as fish or blueberries. A group must first petition the Secretary for economic trade adjustment assistance. If the Secretary determines that the national average price in the most recent marketing year for a commodity is less than 80 percent of the national average price in the preceding 5 marketing years and that an increase in imports contributed significantly to the decline in price, than producers will be eligible for assistance. The statute authorizes an appropriation of not more than $90 million for each fiscal year from 2003 through 2007 to carry out the program. The Trade Act of 1974 (19 U.S.C. 2251), as amended by Subtitle C of Title 1 of the Trade Act of 2002 (Pub. L. 107-210), established the TAA program.

Tree Assistance Program (TAP) – This program provides financial assistance to qualifying orchardists to replace eligible trees, bushes, and vines damaged by natural disasters. This disaster assistance program is authorized by Section 10201 of the Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171).

Upland Cotton Competitiveness – User Marketing Certificate Program -- The Upland Cotton Marketing Certificate Program, also known as “Step 2”, is designed to re-establish and maintain the competitive position of U.S. grown upland cotton and textile goods (made in the U.S. from U.S. upland cotton) in world trade. Domestic textile manufacturers and exporters receive direct payments when certain market conditions are met. This program is authorized under Section 1207 of the Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171).

Youth Loans – This program provides operating-type loans to eligible rural youth applicants to finance modest income-producing agricultural projects. The maximum loan amount is $5,000 per applicant. The statutory authority for youth loans is Section 311 of the Consolidated Farm and Rural Development Act (Pub. L. 87-128).

Government Performance and Results Act (GPRA) of 1993 (Pub. L. 103-62)

The 1993 Act requires agencies to shift managerial emphasis to actual program execution and to compare results achieved with desired outcomes. The legislation places emphasis on results, service, quality, and customer service. The Act requires agencies to develop strategic plans, annual performance plans, performance reports, and performance budgets; the Act also allowed for the requesting of non-statutory administrative managerial flexibility waivers. The Act further requires agencies to identify and use key performance indicators: output, outcome, efficiency, and effectiveness, to measure organizational performance. The basic requirements for strategic plans are set forth in Section 3 of the Act, which requires consultation and outreach with stakeholders, specifically Congress, OMB and "those entities potentially affected by or interested in such a plan. The Act further requires that an agency's strategic plan cover a period of not less than five years forward from the fiscal year in which it is submitted and be updated and revised at least every three years.

Program Assessment and Results Act (H.R. 3826)

This legislation introduced on February 24, 2004, is being proposed to require agencies to revise their strategic plans every four years and task OMB with reviewing performance among all federal programs at least once every five years. The bill is intended to supplement the Government Performance and Results Act of 1993 by adding a legislative requirement for program reviews.

OMB Circular No. A-11, Part 6—Preparation and Submission of Strategic Plans, Annual Performance Plans, and Annual Program Performance Reports (July 2004)

Section 200 — Overview of Strategic Plans, Performance Budgets, and Annual Program Performance Reports — This section outlines the context and submission schedule for the development and submission of strategic plans, performance budgets and annual performance reports. Beginning with fiscal year 2005, agencies are required to prepare performance budgets in lieu of annual performance plans. Performance budgets must satisfy all statutory requirements of the annual performance plan. Basic requirements for strategic plans are set forth in Section 3 of the Government Performance and Results Act of 1993 and should contain the following elements: evidence of consultation and outreach with Congress and stakeholders; comprehensive agency mission statement, one or more general (strategic) goals (strategic goals are typically outcome or long-term performance measures); a description of means and strategies (processes, skills, technologies, and resources) to achieve the goals; description of the relationship between annual performance goals in the performance budget and the long-term goals in the strategic plan; identification of significant risks that threaten achievement of long-term goals; outline of the process for communicating goals and strategies throughout the agency; assignment of accountability to managers and staff for goal achievement; and a description of program evaluations used in the preparation of the strategic plan and a schedule for future evaluations. The strategic plan should take into account the Administration's development of the Program Assessment Rating Tool (PART); and, be made easily accessible to the public once submitted to Congress via electronic media, or made available if requested on paper. The strategic goals and long-term performance goals serve as the organizing framework for the performance budget.

Section 220 — Preparation and Submission of Performance Budgets — This section outlines the context of agency performance budgets. Performance budget, submitted in lieu of the annual performance plan, consist of a performance-oriented framework, in which strategic goals are paired with related long-term (strategic goals) performance goals (outcomes) and annual performance goals (mainly outputs). The strategic goals span a number of agency programs and operations and may span different agency component organizations. The long-term (strategic) and annual performance goals are usually program-specific and can be grouped and displayed by program. Target levels of performance are set for the performance goals. At a minimum, resources are aligned at the program level within this framework, and agencies are encouraged to align resources at the performance goal level. The performance budget is organized as a hierarchy of goals. At the top of the pyramid are strategic goals. For each strategic goal, there are usually several outcome goals, and for each outcome goal, there typically are several "intermediate" or output goals. Performance budgets should include information from PART assessments. The performance budgets should display up to six years of performance data for every performance goal, including the budget year, current year, past year, and three additional years of data. Only three years of resource data are required. The means and strategies the agency intends to use to help achieve the performance goals should be included.

<u>Section 230.1 — Preparation and Submission of the Annual Program Performance Report, Including the Performance Report Portion of a Performance and Accountability Report (PAR)</u> — This section outlines the context and provides guidance for preparing the performance and accountability report or the annual program performance report. The annual program performance report describes an agency's actual performance and progress in achieving goals stated in the strategic plan and performance budget. Under the auspices of OMB Bulletin 01-09 (September 25, 2001), Form and Content of Agency Financial Statements, agencies are required to combine annual performance reports with their annual accountability reports. The PAR must include information on every Program Assessment Rating Tool (PART) assessed program as part of budget formulation for the fiscal year covered by the report. The annual report must include a comparison of actual performance with projected (target) levels of performance as set out in the performance goals in the performance budget; an explanation of when goals were not achieved; descriptions of plans and schedules to meet an unmet goal; an evaluation of the performance budget; actual performance information for at least four fiscal years; and an assessment of the reliability and completeness of the performance data included in the report as required by the Reports Consolidation Act of 2000; and information on the use of non-federal parties, as the preparation of an annual report is an inherently governmental function.

OMB Circular A-11, Part 7, Section 300—Planning, Budgeting, Acquisition, and Management of Capital Assets (July 2004)

Section 300 – This section of the Circular established policy for planning, budgeting, acquisition and management of Federal capital assets and establishes policy, budget justification, and reporting requirements that apply to all agencies of the Executive Branch of the government which are subject to Executive Branch review. This section outlines the requirement for government agencies to effectively manage its portfolio of capital assets via improving asset management and compliance with a number of specific results-oriented requirements.

The capital planning process will integrate the agency's capital investments; strategic and performance plans (performance budgets) prepared pursuant to the Government Performance and Results Act; financial management plans prepared pursuant to the Chief Financial Officers Act of 1990; information resource management plans prepared pursuant to the Clinger-Cohen Act; method for performance-based acquisition management under the Federal Acquisition Streamlining Act of 1994; and budget formulation and execution processes.

The documented capital programming process defines how an agency will select capital investment included in the agency's capital asset portfolio for funding each year (full funding); how capital investments, once initiated, will be controlled to achieve intended cost, schedule, and performance outcomes; and how, once the asset is operational, the agency will continue to evaluate asset performance to maintain a positive return on investment.

OMB Circular A-11, Section 53—Information Technology (IT) and E-Government (July 2004)

This section of the OMB Circular A-11 prescribes guidance for agencies to link its internal planning, budgeting, acquisition, and management of information technology resources, and reflects the enactment of the Federal Information Security Management Act (FISMA) and the E-Government Act of 2002 (P.L. 107-347). This section gives agencies guidance to ensure that their IT investments are linked to and support the President's Management Agenda (PMA). Agency's internal capital planning processes via the budget justification for IT must provide results-oriented information on IT operations and improvement initiatives in the context of the agency's missions and operations. Agency Directors must submit to Congress a report on the net program performance benefits achieved as a result of major capital investments made by executive agencies in information systems and how the benefits relate to the accomplishment of the goals of the executive agencies. All IT investments must support the President's Management Agenda and must clearly demonstrate that the investment is needed in order to close a specific performance goal in the agency's ability to meet strategic goals and measures. Requests for resources for IT investments should include strategic partnerships to perform business with State, local, and other federal agencies, non-profit organizations, and private industry as appropriate.

Major IT investments must align with the Federal Enterprise Architecture (FEA). Agencies must align each major IT initiative with the FEA Business Reference Model (BRM). This alignment will be identified through the numbering scheme. For FY 2005, agencies are required to use the FEA Performance Reference Model (PRM) to identify performance measures for each major new development/modernization/enhancement (DME) IT investment. PRM Indicators are incorporated into the performance goals and measures required on Exhibit 300 (business case for IT investments)). Agencies are to use the PRM to identify specific measurements in the following measurement areas: 1) Mission and Business Results; 2) Customer Results; 3) Processes and Activities; and 4) Technology. This structure will begin to provide performance information that aligns IT initiatives to specific process outputs and ultimately to customer and business outcomes. Exhibit 300s are required to support the agency's strategic plans and annual performance budgets; and link to, and support, the agency's IRM strategic plans which cascade down from the agency; demonstrate strong project (investment) management; demonstrate that the investment is achieving at least 90 percent of planned costs, schedule, and performance goals.

OMB Circular A-76—Performance of Commercial Activities (May 29, 2003)

This OMB circular establishes federal policy for the competition of commercial activities and provides guidance for adherence to the Federal Acquisition Streamlining Act of 1994 and the Federal Activities Inventory Reform Act of 1998. This circular requires full accountability of agency officials designated to implement and comply with the Circular by establishing performance standards in annual performance evaluations. Agencies Strategic Plan must prepare two annual inventories that categorize all activities performed by government personnel as either commercial or inherently governmental. By June 30 of each year, agencies are to submit by electronic mail (e-mail) to OMB: (a) an inventory of commercial activities performed by government personnel; (b) an inventory of inherently governmental activities performed by government personnel, and (c) an inventory summary report. Agencies are to assess the availability of workload data, work units, quantifiable outputs of activities or processes, agency or industry performance standards, and other similar data. Agencies are to establish data collection systems, as necessary.

OMB Circular A-123—Management Accountability and Control (June 21, 1995)

The Circular is issued under the authority of the Federal Managers' Financial Integrity Act of 1982 as codified in 31 U.S.C. 3512.
The Circular replaces Circular No. A-123, "Internal Control Systems," revised, dated August 4, 1986, and OMB's 1982 "Internal Controls Guidelines. The Circular provides guidance to Federal managers on improving the accountability and effectiveness of Federal programs and operations by establishing, assessing, correcting, and reporting on management controls.

Agencies and individual Federal managers must take systematic and proactive measures to: 1) develop and implement appropriate, cost-effective management controls for results-oriented management; 2) assess the adequacy of management controls in Federal programs and operations; (3) identify needed improvements; 4) take corresponding corrective action; and 5) report annually on management controls. Agency performance budgets, financial statements, and program evaluations are but a few sources of information used to assess agency management and internal control systems.

OMB Bulletin No. 01-09, Form and Content of Agency Financial Statements (September 25, 2001)

This OMB Bulletin prescribes the guidance for the form and content of agency financial statements that integrate budget execution, financial reporting, and performance reporting extracted from the Chief Financial Officers Act of 1990, as amended by the Reports Consolidation Act of 2000. The Performance and Accountability Report (PAR) combines the Annual Performance Report required by the Government Performance and Results Act of 1993 with annual financial statements and other reports. Agency heads are required to include the Inspector General's assessment of the agency's most serious management and performance challenges, and must include a statement regarding the completeness and reliability of the financial and performance data. In addition to the primary financial statements, agencies must include: Required Supplementary Stewardship Information, Required Supplementary Information, Other Accompanying Information, and a Management Discussion and Analysis (MD&A) in the PAR.

The MD&A should contain a brief description of the mission(s) of the entity and describe its related organizational structure, consistent with the entity's strategic plan. The MD&A should objectively discuss the agency's programs results, and indicate the extent to which its programs are achieving their intended goals and objectives. The discussion of performance should relate to major goals and objectives in the agency's strategic plan and performance budgets, and be clearly linked to cost categories. MD&A should also explain performance trends, provide a clear picture of planned and actual performance, and discuss the strategies and resources the agency uses to achieve its performance goals; as well as evaluate the significance of underlying factors that may have affected the reported performance. The performance measures presented in the MD&A should be consistent with measures previously included in budget and planning documents. Measures should be limited to the agency's most significant program and financial measures.

Reporting agencies should report the full cost of each program's output, which consists of both direct and indirect costs of the output, and the costs of identifiable supporting services provided by other segments within the reporting agency and by other reporting agencies.

Office of Management and Budget Program Assessment Rating Tool (PART) 2004

The Program Assessment Rating Tool (PART) is designed to evaluate program performance, determine the causes for strong or weak performance, and take action to remedy deficiencies and achieve better results. PART assists OMB in using performance information to conduct internal program and budget analysis. Sixty percent of a program's rating is derived from whether an agency sets valid programmatic annual and long-term goals (10%), and program results and accountability which links closely with the strategic planning section and other program evaluations (50%). In the fiscal year agency programs are scheduled to be assessed, agencies are to submit PART assessments to OMB.

Federal Acquisition Streamlining Act (FASA) of 1994 (Pub. L. 103-355)

The 1994 Act requires agencies to establish cost, schedule and measurable performance goals for all major acquisition programs, and achieve on average 90 percent of those goals. Subsequent to the enactment of this Act, agencies must engage in performance-based acquisition management which documents a systematic process for program management that includes integration of program scope, schedule and cost objectives, establishment of a baseline plan for accomplishment of program objectives, and use of earned value techniques for performance measurement during the execution of the program.

Clinger-Cohen Act (CCA) [formerly the Information Technology Management Reform Act] of 1996 (Pub. L. 104-106)

The 1996 Act requires agencies to use a disciplined capital planning and investment control process to acquire, use, maintain and dispose of information technology (IT). This Act requires the establishment of a Chief Information Officer in cabinet level agencies, development of IT strategic plans (Information Resource Management (IRM) Strategic Plans), as well as requiring base decisions about IT investments on quantitative and qualitative factors associated with the costs, benefits, risks of those investments. Agencies must use performance data to demonstrate how well the IT expenditures support improvements to agency programs.

Reports Consolidation Act of 2000 (Pub. L. 106-531)

This Act authorizes the consolidation of certain financial and performance management reports required of federal agencies. This Act streamlines reporting requirements by allowing each agency to submit a consolidated financial and performance report within 180 days of the ends of fiscal years 2000 and 2001, and within 150 days of the end of every fiscal year after that. Additionally, the Act requires agency heads to attest to the completeness and reliability of performance data contained in reporting document, and actions the agency will take and to resolve such inadequacies.

E-Government Act of 2002 (Pub. L. 107-347)

This Act seeks to enhance the delivery of products and services to the American public by applying advances in information technology; and more specifically, Internet-based technology and requires agencies to develop performance measures for implementing E-Government. The Act establishes an Administrator of a new Office of Electronic Government within the Office of Management and Budget. Agencies are to promote the use of the Internet and other information technologies to provide increased opportunities for citizen participation in Federal Government; promote interagency collaboration in providing E-Government services; improve the ability of government to achieve agency missions and program goals; reduce costs and burdens for businesses and other government entities interacting with the Federal government; and make the Federal Government more transparent and accountable.

Federal Activities Inventory Reform Act of 1998 (Pub. L. 105-270)

This Act requires Federal agencies, not later than the end of the third quarter of each fiscal year, to submit to OMB a list of activities performed by Federal Government sources for the executive agency that, in the judgment of the head of the executive agency, are not inherently governmental functions. The Act requires that agencies set annual performance goals for competitive sourcing of non-governmental functions that can be announced for competition in the private sector.

President's Management Agenda (2002)

The President's Management Agenda (PMA) was issued to agencies in an effort to improve government performance. The primary premise of the Agenda centers around the major themes of citizen-centered, results-oriented, and market-based government. The core of the Agenda sets forth five government-wide and nine agency specific initiatives. Agencies are assessed periodically on government-wide initiatives and rated as satisfactory (green), mixed results (yellow), or unsatisfactory (red). Most recently, agencies received two ratings: one for actual status and one rating for progress. Agencies are rated on: a) strategic management of human capital; b) improved financial management; c) expanded E-Government; d) competitive sourcing; and e) performance and budget integration.

Under the PMA, human capital strategies will be linked to organizational mission, vision, core values, goals, and objectives. Agencies will use strategic workforce planning and flexible tools to recruit, retrain, and reward employees and develop a high-performing workforce. Agencies are to determine their "core competencies" and decide whether to build internal capacity, or contract for services from the private sector.

Federal Managers' Financial Integrity Act (FMFIA) of 1982 (Pub. L. 97-255)

The Act was enacted in September 1982 to strengthen internal control and accounting systems throughout the federal government and to help reduce fraud, waste, abuse, and misappropriation of federal funds. FMFIA holds agency managers accountable for correcting noted deficiencies and requires that agencies annually identify and report internal control and accounting system problems and planned remedies. The Act also requires that OMB establish, in consultation with the Comptroller General, guidelines that the agencies shall follow in evaluating their systems of internal accounting and administrative control.

Federal Financial Management Improvement Act of 1996 (FFMFIA) (Pub. L. 104-208)

The FFMIA established a statutory requirement for agency heads to assess, on an annual basis, whether their financial management systems comply with:

(1) Federal financial system requirements;

(2) Applicable Federal accounting standards;

(3) The Standard General Ledger at the transaction level; and

(4) Information security policies, procedures and practices (new requirement under Federal Information Security Management Act).

OMB has issued "Revised Implementation Guidance for the FFMIA at the following website: http://www.whitehouse.gov/OMB/financial. If agency financial management systems do not substantially comply with the requirements of the Act, then a remediation plan must be developed to achieve compliance.

Federal Information Security Management Act (FISMA) - Title III of Electronic Government Act of 2002 (Pub. L. 107-347)

This Act requires agencies to integrate IT security into their capital planning and enterprise architecture processes at the agency, conduct annual IT security reviews of all programs and systems, and report the results of those reviews to OMB.

Chief Financial Officers (CFO) Act of 1990 (Pub. L. 101-576)

This Act sets expectations for agencies to develop and deploy modern financial management systems to routinely produce accurate, reliable, and timely program cost information and to develop results-oriented reports on the federal government's financial condition.

The principle provisions of the Act included establishing CFO organizations in Office of Management and Budget (OMB) and each agency; improved accounting, reporting, and auditing practices; improved financial systems; and improved asset management policies. The Act also laid out a strategy for producing audited financial statements. In addition, the Act mandated establishment of a government-wide CFO Council to support the implementation of the CFO Act by providing a forum for achieving consensus on financial management policies and priorities.

The Act established a centralized financial management structure within the OMB and in major departments and agencies. It strengthened financial management internal controls by requiring:

1) Preparation of five-year financial management systems improvement plans, both government-wide and in the 23 agencies covered by the Act;
2) Preparation of financial statements and audits of selected activities of agencies to hold agency heads accountable for their operations; and
3) Annual reporting to the President and Congress on the status of general and financial management in the Federal government.

Food and Agricultural Policy: Taking Stock for the New Century (September 2001)

Secretary Ann M. Veneman, through the *Food and Agricultural Policy: Taking Stock for the New Century* formulates a longer-term view of the Nation's agriculture and food system. The policy articulates two major challenges: confronting and managing change, while modernizing the farm and food systems' infrastructure to ensure continued growth and development for the 21st century. Issues such as a wide divergence in the realities of farming across the country, globalization, and consumer-oriented technology are acknowledged as significant drivers that are shaping the future of the American agriculture system. The policy addresses and acknowledges the value that farsighted planning and investment has had upon the current system; and simultaneously, recognizes the importance of reappraising and strengthening the current and evolving farm and food systems. Specifically, the policy focuses on the following key areas:

- Evolving Food and Agriculture System: Consumer-Driven Agriculture and Agricultural Diversity;
- Trade Expansion: Developing and Middle-Income Markets, Growth in High-Value Exports, Barriers to Expanding Trade, and a Trade Agenda for the 21st Century;
- Farm Sector Policy: Squaring Today's Realities with Policies, The economic *safety net* Diverse Farm Structure and the Government's Role, Other Policy Areas Increasingly Important, and Farm Policy and International Trade;

- Enhancing the Infrastructure: Responding to Pest and Disease Threats, Ensuring Food Safety, Building the Knowledge Base, and Data and Information Needs;
- Conversation and the Environment: Right Track, New Directors, Programs Score Environmental Gains, Emerging Environmental Challenges, A Portfolio of Policy Tools, and Next Generation in Conservation Incentives;
- Rural Communities: Rural America Today, Opportunities in Rural America; Innovation, Investment, and Income Generation; Education and Skills to Succeed; Protecting Rural Communities From Wildfire; Infrastructure, Public Services, and Business Assistance, and Rural America Tomorrow;
- Nutrition and Food Assistance: Ensuring Access to Nutritious Food, and Healthy Food Choices; and
- Integrated Programs: Delivering Services and Taking Advantage of Information Technology.

USDA Departmental Regulation Number 4300-006: Civil Rights Policy for the Department of Agriculture (June 30, 2000)

This USDA departmental regulation requires that agencies and staff offices incorporate the USDA Strategic Goals for Civil Rights into strategic plans in compliance with GPRA. The Strategic Goals for Civil Rights defined in the departmental regulation are as follows:

- Hold managers, supervisors, and other employees accountable for ensuring that USDA customers and employees are treated fairly and equitably, with dignity and respect;
- Ensure equal access and provide equal treatment in the delivery of USDA programs and services to all customers;
- Eliminate under-representation in the workforce by recruiting and employing highly skilled, competent, and diverse workforce, free of discrimination, reprisal and sexual harassment;
- Provide sufficient human, fiscal, and organizational resources, and train all employees, to institute an effective civil rights program; and
- Ensure equal opportunity to minority, women-owned, and small and disadvantaged businesses in USDA procurement and contracting activities.

In addition to outlining these Strategic Goals, the departmental regulation states that a separate civil rights performance element will be included in the management performance plans of all supervisors. In addition, civil rights performance will be evaluated as part of the performance appraisal process of all USDA employees.

USDA Office of Budget and Program Analysis (OBPA), Stephen B. Dewhurst, Memoranda (March 30, 2004)

This memorandum and its attachments with subject heading “Annual Performance Plan for FY2005 and Revised Annual Performance Plan for FY 2004 and Quarterly Reporting Process,” released by Stephan B. Dewhurst, Director of Budget, USDA, focus on two areas – developing a FY 2005 and Revised FY 2004 Department-wide Annual Performance Plan to be posted on USDA’s website and implementing a Quarterly Reporting Process to provide policy officials with program performance and financial information. Members of the Budget Performance Integration (BPI) Board within USDA were instructed to provide comments on suggested performance measures by April 6, 2004 with a complete Annual Performance Plan as outlined in Attachment A due on April 6, 2004. Along with the Annual Plan, USDA is implementing a quarterly performance and financial reporting process to provide policy officials with timely information. This information should include specifics on areas where corrective actions are needed to achieve planned performance levels. BPI Board members were instructed that the Quarterly Performance Plan and Report were due to the Office of Budget and Program Analysis (OBPA) on April 28, 2004.

USDA Office of Budget and Program Analysis (OBPA), Dennis L. Kaplan, Memoranda (August 30, 2004)

This memorandum and its attachments with subject heading "Department Estimates, Fiscal Year (FY) 2006: Chapter 12, Part II, USDA Budget Manual" provides procedures for submitting Department Estimates material. The memorandum, released by Dennis
Kaplan, Deputy Director of USDA Budget, Legislative, and Regulatory Systems, amends Chapter 12 under Part II (previously issued September 5, 2003) in the USDA Budget Manual and provides guidance for the submission of the FY2006 budget estimates. The memorandum emphasized that USDA's FY2006 will be an integrated performance budget that meets the requirements of the annual performance mandated by the Government Performance and Results Act of 1993 (GPRA). Agencies were instructed to continue using the proposed USDA Strategic Objective 1.5: *Increase the efficiency of Domestic Agricultural and Marketing Systems.* Agencies were strongly encouraged to carefully review the discussion of performance budgets in Section 51 of OMB Circular A-11. The memorandum further mentioned that the Office of Management and Budget (OMB) continues to monitor the status and progress of all agencies in implementing the President's Management Agenda (PMA) initiatives.

Appendix C – FSA Performance Measures

Objective 1: Improving Access to Capital

Objective 2: Mitigating Market Losses

Objective 3: Mitigating Losses from Natural Disasters

Objective 4: Expanding Market Opportunities

GOAL 1				Supporting Productive Farms and Ranches							
Objective				MEASURE	BASELINE[2]						
1	2	3	4			FY05	FY06	FY07	FY08	FY09	FY10
●				Increase % of beginning farmers, racial and ethnic minorities, and women farmers financed by FSA. **Note:** Information reported is a proxy[1], which reflects the increase in the percent of loans made to beginning and socially disadvanted farmers and ranchers	FY'96: 32.6%	35.50%	36.00%	36.50%	37.00%	37.00%	37.00%
●				Maintain or reduce loss rates for direct loans.	5.10%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
●				Maintain or reduce loss rates for guaranteed loans.	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%
●				Reduce average processing time for direct loans. **Note:** This is an efficiency measure.	FY 03: 42.6 days	40	39	38	37	36	35
●				Reduce average processing time for guaranteed loans. **Note:** This is an efficiency measure.	FY 03: 16 days	14.5	14.25	14.00	13.75	13.50	13.25
	●			Maintain participation rate for direct and counter-cyclical payment programs.	FY 03: 97%	97%	97%	97%	97%	97%	97%
	●			Reduce average processing time for program benefits. **Note:** Information reported is a proxy[1], reflecting the percentage of Loan Deficiency Payment applications processed electronically (eLDP). FY05 is the first year of operation for the eLDP program.	0.70%	0.70%	1.00%	Under Development	Under Development	Under Development	Under Development

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GOAL 1				Supporting Productive Farms and Ranches, Continued							
Objective				MEASURE	BASELINE[2]						
1	2	3	4			FY05	FY06	FY07	FY08	FY09	FY10
		●		Increase % of liabilities covered by insurance. **Note:** Information reported is a proxy[1], which reflects number of policies issued under the Noninsured Assistance Program by Crop Year.	83,129 policies	83,129	84,000	85,000	86,000	87,000	88,000
		●		Reduce or maintain average processing time for emergency and disaster program benefits. **Note:** Information reported is a proxy[1], which reflects the reduction in interest payments subject to the Prompt Payment Act. This is an efficiency measure.	2.38%	0.50%	0.50%	0.50%	Under Development	Under Development	Under Development
		●		Reduce or maintain average processing time for emergency and disaster designations. **Note:** This is an efficiency measure.	18 days	17	17	16	16	15	15
		●		Reduce or maintain average processing time for emergency payment assistance loans.	61 days	60 days	59 days	58 days	57 days	56 days	55 days
			●	Maintain or increase sales growth rate of agricultural products: domestic and exports.	- Domestic: 3.04% - Export: -.21%	- Domestic: .50% - Export: .25%	- Domestic: .25% - Export: .25%	- Domestic: .25% - Export: .25%	- Domestic: .25% - Export: .25%	- Domestic: .25% - Export: .25%	- Domestic: .25% - Export: .25%
			●	Increase % of ethanol's and biodiesel's share of total transportation fuel usage.	- Ethanol: .8630% - Biodiesel: .0099%	- Ethanol: 1.1661% - Biodiesel: .0204%	- Ethanol: 1.2261 - Biodiesel: .0229%	- Ethanol: 1.2861 - Biodiesel: .0254%	- Ethanol: 1.3461% - Biodiesel: .0279%	- Ethanol: 1.4061% - Biodiesel: .0304%	- Ethanol: 1.4661% - Biodiesel: .0329%

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Objective 1: Promoting Domestic Agriculture

Objective 2: Providing Adequate, Secure Storage Capacity that Maintains Quality

Objective 3: Improving Purchase and Delivery of Food Aid

GOAL 2			Supporting Secure and Affordable Food and Fiber Supply							
Objective			MEASURE	BASELINE[2]						
1	2	3			FY05	FY06	FY07	FY08	FY09	FY10
●			Increase % of agricultural outreach performed through partnerships. **Note:** Information reported is a proxy[1] reflecting % of formal partnerships over the next 6 years.	FY'04: 29%	32%	35%	37%	40%	43%	46%
●			Increase % of FSA employees demonstrating understanding of FSA programs and responsibilities through training and certification.	Under Development	Under Development	Under Development	Under Development	Under Development	Under Development	Under Development
	●		Maintain or increase % of capacity of approved and licensed storage facilities.	91.53%	89.5%-94.1%	89.5%-94.1%	90%-94.6%	90%-94.6%	91%-95.6%	91.5%-96.1%
	●		Reduce % of warehouses with violations.	8.60%	8.60%	Under Development	Under Development	Under Development	Under Development	Under Development
		●	Reduce % of short-filled contracts.	1.34%	1.10%-1.25%	1.05%-1.20%	1.00%-1.15%	.950%-1.125%	.900%-1.09%	.85%-1.00%
		●	Increase % of food aid delivered within contract specifications.	0.01%	Loss Rate: .008%-.01%	Loss Rate: .007%-.009%	Loss Rate: .006%-.008%	Loss Rate: .0055%-.0075%	Loss Rate: .005%-.007%	Loss Rate: .0045%-.0065%

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Objective 1: Improving Conservation Practices

Objective 2: Targeting Lands to Maximize Conservation Benefits

Objective 3: Mitigating Adverse Impacts from Agricultural Production

GOAL 3			Conserving Natural Resources and Enhancing the Environment							
Objective			MEASURE	BASELINE[2]						
1	2	3			FY05	FY06	FY07	FY08	FY09	FY10
●			Maintain or increase % of acres in compliance with highly erodible land and wetland provisions. **Note:** Information reported is a proxy[1], which reflects the number of producers who apply, but are denied, FSA program payments because they are in violation	103 violations	100	99	98	97	96	95
●			Increase % of conservation acres with invasive species controls.	Under Development	Under Development	Under Development	Under Development	Under Development	Under Development	Under Development
	●		Increase acres managed under Continuous Conservation Reserve Program (CRP) sign-up.	2.07 million acres	2.9-3.9	2.9-3.9	2.9-3.9	2.9-3.9	2.9-3.9	2.9-3.9
	●		Increase general sign-up acres in priority areas.	14.3 million acres	14.4-15.2	14.4-15.2	14.4-15.2	14.4-15.2	14.4-15.2	14.4-15.2
	●		Reduce average processing time of conservation offers through partnerships and technology - FSA time - partner time. **Note:** This is an efficiency measure.	Under Development	Under Development	Under Development	Under Development	Under Development	Under Development	Under Development
		●	Increase CRP acres of riparian and grass buffers.	1.212 millions	1.75 - 2.0	1.75 - 2.0	1.75 -2.0	1.75 - 2.0	1.75 - 2.0	1.75 - 2.0
		●	Increase % of CCC sites where remediation is implemented.	62%	77%	79%	82%	85%	88%	91%
		●	Increase CRP restored wetlands acres.	1.729 million acres	1.80 - 2.20	2.00 - 2.25	2.00 - 2.25	2.00 - 2.25	2.00 - 2.25	2.00 - 2.25

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Management Scorecard

Outreach & Partnerships	Civil Rights	Human Capital Management	Strategic Accountability	Business Process Effectiveness	Satisfaction Index	Measure	Baseline [2]	FY05	FY06	FY07	FY08	FY09	FY10
●						Increase % of program participation by members of targeted groups.	Under Development	Under Development	Under Development	Under Development	Under Development	Under Development	Under Development
●						Increase % of FSA's resources and services enhanced through effective partnerships. **Note:** Information reported is a proxy[1], which reflects the number of partnerships evaluated each year. This is a new measure starting FY'05.	0	6	5	8	5	7	6
	●					Increase the percentage of employees with measureable civil rights performance elements in their annual performance plans.	Under Development	Under Development	Under Development	Under Development	Under Development	Under Development	Under Development
	●					Reduce % of civil rights complaints filed: - Program - Employment.	Program: .4285% = Avg. # complaints / Avg. # FLP applications, or 56 / 39,626 Employment: .5287 = Avg. # complaints / Avg. # employees, or 156 / 20,137	Program: 1-5 % Reduction (53-55 Count) Employment: 5-10% Reduction (148-140 Count)	Program: 1-5 % Reduction (55 Count) Employment: 7-12 % Reduction (145-137 Count)	Program: 6-7 % Reduction (43 Count) Employment: 7-12 % Reduction (145-137 Count)	Program: 7-8 % Reduction (52 Count) Employment: 9-14 % Reduction (142-134 Count)	Program: 7-8 % Reduction (52 Count)Employment: 9-14 % Reduction (142-134 Count)	Program: 9-10 % Reduction (51-50 Count) Employment: 11=16 % Reduction (139-131 Count)
	●					Reduce the average processing time for civil rights complaints: - Program - Employment. **Note:** This is an efficiency measure.	Program: 24 days Employment: 30-90 days	Program: 20-24 Employment: 60-90	Program: 20-24 Employment: 60-80	Program: 20-24 Employment: 55-80	Program: 20-24 Employment: 55-80	Program: 20-24 Employment: 55-75	Program: 20-24 Employment: 55-70
		●				Reduce % of skills gaps in mission critical occupations.	FY'04: 4%	3.50%-4.00%	3.00%-3.50%	2.50%-3.00%	2.00%-2.50%	2.00%-2.50%	2.00%-2.50%
		●				Reduce average processing time to fill vacancies.	76 days	75-70	75-70	70-65	70-65	65-60	65-60
		●				Increase % of employees that meet the homeland security training standards. **Note:** This is a new measure starting FY'05.	0%	75%	80%	85%	90%	95%	100%

Management Scorecard (continuued)

Outreach & Partnerships	Civil Rights	Human Capital Management	Strategic Accountability	Business Process Effectiveness	Satisfaction Index	Measure	Baseline [2]	FY05	FY06	FY07	FY08	FY09	FY10
			●			Reduce average time to certify and disburse payments. **Note:** Information reported is a proxy[1], which reflects the reduction in interest payments subject to the Prompt Payment Act. This is an efficiency measure.	2.38%	0.50%	0.50%	0.50%	Under Development	Under Development	Under Development
			●			Reduce % of erroneous payments.	.0020%	.0020%	.0019%	.0018%	.0017%	.0016%	.0015%
			●			Increase % of program results and budget requirements that are linked to the FSA Strategic Plan and fully costed. **Note:** This ia new measure starting FY'05.	0%	10%	50%	60%	70%	80%	100%
			●			Increase % of adverse program decisions resolved internally.	Under Development	Under Development	Under Development	Under Development	Under Development	Under Development	Under Development
			●			Increase % of material weaknesses that are corrected on schedule.	75%	80%	85%	90%	95%	100%	100%
				●		Increase % of internal business processes that are streamlined systematically. **Note:** Information reported is a proxy[1], which reflects the % of specific systems scheduled for modernization under the FSA deployment plan.	FY'04: 32%	56%	81%	90%	95%	100%	100%
				●		Increase % of transactions completed through a web environment. **Note:** Information reported is a proxy, which reflects the % of FSA systems scheduled for modernization under the FSA deployment plan.	FY'04: 10%	15%	50%	90%	92%	92%	93%
				●		Increase % of total contracts that are performance based.	FY'03: 54.2%	62%	64%	66%	68%	70%	72%
				●		Reduce or maintain average processing time in announcing marketing assistance loan rates.	TBD	Under Development	Under Development	Under Development	Under Development	Under Development	Under Development
					●	Customer Satisfaction	Under Development	Under Development	Under Development	Under Development	Under Development	Under Development	Under Development
					●	Partnership Satisfaction	Under Development	Under Development	Under Development	Under Development	Under Development	Under Development	Under Development
					●	Employee Satisfaction	Under Development	Under Development	Under Development	Under Development	Under Development	Under Development	Under Development

Appendix D – List of Definitions

Abundant (Vision Statement)

A food supply that is occurring in abundance ("ample quantity" or "relative degree of plentiful ness").

Affordable (Goal 2)

A food supply that is priced within one's means; moderately priced and available to most consumers.

Agricultural Partners (Mission Statement and Scorecard)

Federal, State, local agencies, non-governmental and community-based organizations, and private businesses or institutions which have an interest in agriculture and with whom FSA has an agreement (either written or verbal) to cooperate for the benefit of the agricultural community at large.

Agricultural Communities (Goal 1, End Outcome 3)

Counties where 15 percent or more of average annual labor and proprietor's income is derived from farming during 1998-2000 or 15 percent or more of employed residents worked in farming occupations in FY 2000.

Agricultural Products

Combination of all raw commodities (see definition) produced by farmers and ranchers and processed food such as cheese, non-fat dry milk, and soybean oil.

Agricultural Programs (Mission Statement)

Agricultural programs are programs administered by FSA/CCC authorized by legislation or the CCC Charter Act in support of agricultural producers, agribusiness, the environment, and consumers.

Beginning Farmer (Program Alignment/Goal 1, Objective 1)

A beginning farmer or rancher is an individual or entity who (1) has not operated a farm or ranch for more than 10 years; (2) meets FSA's eligibility requirements for the program to which he/she is applying; (3) substantially participates in the operation; and, (4) for FSA's farm ownership loan purposes, does not own a farm greater than 30 percent of the average size farm in the county. (Note: all applicants for direct farm ownership loans must have participated in business operation of a farm for at least 3 years.)

Commodities (Goal 2)

Commodities are crops grown by farmers. Specific commodities supported under the Direct and Counter Cyclical Payment Program (DCP), a six year program authorized by the Farm Security and Rural Investment Act of 2002 (aka The 2002 Farm Bill) include: barley, corn, grain sorghum, (including dual purpose varieties that can be harvested as grain), oats, canola, crambe, flax, mustard, rapeseed, safflower, sesame and sunflower (including oil and non-oil varieties), peanuts, rice, (excluding wild rice), soybeans, upland cotton and wheat. Other commodities supported by FSA include: milk, tobacco, lamb meat, wool, mohair, and myriad other crops for which their loss is partially covered in the event of a natural disaster.

Electronic Document (Goal 1, Objective 1)

Any document that is generated, sent, received, or stored by electronic, optical, or similar means, including, but not limited to, electronic data interchange, e-signatures, e-authentication, advanced communication methods, electronic mail, telegram, telex, or telecopy.

Electronic Government (E-Gov)

E-Government is the use of information technology (IT) and the Internet, together with the operational processes and people needed to implement these technologies, to deliver services and programs to constituents, including citizens, businesses and other government agencies. E-Government improves the effectiveness, efficiency, and quality of government services.

Electronic Warehouse Receipts (EWRs) (Goal 1, Objective 1: Outputs)

The electronic warehouse receipt, authorized under the USWA, creates an enforceable contract between warehouse operator and farmer and contains terms and conditions that are acceptable to bankers. It is a negotiable document of title facilitating marketing of commodity. {Note: I copied and revised just as a warehouse receipt}

Environmentally Sound (Vision Statement)

Farming and ranching practices that have a benign effect on existing physical, chemical, and biological conditions.

Equitably (Mission Statement)

FSA strives to deal fairly and equally with all concerned.

Food Aid (Goal 2, Objective 3)

The activities involved with procuring and distributing agricultural commodities and products performed by FSA’s Commodity Operations Divisions for use in the USDA’s Food and Nutrition Service’s domestic food assistance programs such as the National School Lunch Program and domestic programs benefiting needy families and the elderly. Food Aid also has an international component as FSA purchases bulk commodities for delivery to needy recipients worldwide as authorized by the U.S. Agency for International Development’s (USAID) *Public Law 480 Title II and III* program and the USDA’s Foreign Agricultural Service’s (FAS) *Food for Progress* program.

Highly Erodible Land (Goal 3, Objective 2)

Statute defines highly erodible land as land having an erodiblity index of 8 or greater. The erodibility index for a soil is determined by dividing the potential annual average rate of erosion by its predetermined soil loss tolerance (T) value. The (T) value represents the maximum annual rate of soil erosion that could occur without causing a decline in long-term soil productivity (7 CFR Part B, Section12.21).

Human Capital Management (Scorecard)

FSA's ability to leverage the acquisition, development and retention of a high performing, diverse workforce that effectively supports the accomplishment of Agency goals.

Invasive Species (Goal 3, Objective 3)

Invasive species are those species of plants and animals which are not native to North America which, when introduced, can cause considerable damage to the environment, humans or to the economy.

An "invasive species" is defined as a species that is 1) non-native (or alien) to the ecosystem under consideration and 2) whose introduction causes or is likely to cause economic or environmental harm or harm to human health (Executive Order 13112 of February 3, 1999 – Invasive Species).

Invasive species can be plants, animals, and other organisms (e.g., microbes). Human actions are the primary means of invasive species introductions

Managerial Cost Accounting System (Scorecard)

The processes and procedures, whether automated or not, or whether included in a general ledger or not, that accumulates and reports consistent and reliable cost information and performance data.

Market Losses (Goal 1, Objective 2)

Market losses are price declines suffered by producers from levels established by legislation

Market-oriented (Vision Statement)

A market oriented farm program allows producers to respond to market forces by reducing or eliminating government-imposed policies that restrict a producer's ability to respond to supply and demand conditions

Material Weakness (Scorecard)

An auditing term referring to a condition in which internal controls do not reduce to a relatively low level the risk that material errors or fraud may occur and not be detected in a timely period by employees in the normal course of their duties.

Outreach (Scorecard)

Defined as the "act of reaching out." For FSA purposes, outreach is the act of informing and engaging all agricultural producers about the programs and services offered by the Agency in an effort to increase program participation, enhance farmers and ranchers productivity, and reduce complaints. Outreach efforts are specifically targeted at reaching those racial and ethnic minority producers and women producers who have historically been underserved by FSA.

Productive (Goal 1)

Having the quality or power of producing especially in abundance.

Secure (Goal 2)

FSA seeks to help American farmers and ranchers provide the world with a trustworthy, safe, and dependable food supply for years to come.

Short-filled Contracts (Goal 2, Objective 3) occur when a food aid recipient requests commodity, but Commodity Operations is unable to procure the commodity. Some reasons for the short fill could be industry production operating at full capacity levels, market conditions, Acts of God, etc.

Racial and Ethnic Minorities/Targeted Groups (Goal 1, Objective 1 and Scorecard)

FSA is targeting the following underserved agricultural minority populations -- Hispanic or Latino, Black or African American, Asian, American Indian or Alaska Native, and Native Hawaiian or other Pacific Islanders engaged in agriculture or interested in becoming landowners or agricultural operators.

Stable (Goal 2)

A food supply that is steady, consistent, and does not fluctuate greatly.

Stakeholder (Scorecard)

For FSA purposes, a stakeholder is any individual who has a vested interest in the successful operation of the Agency. A stakeholder can be an FSA employee, a producer, or an external entity such as a State Department of Agriculture, a community-based, non-governmental organization, or an agricultural commodity or trade organization.

Subordination (Goal 1, Objective 1: Outputs)

A temporary change in security position to allow another lender to make a loan. Common uses of subordinations include a temporary release of security in order for another lender to provide annual operating funds or a release in a small portion of real estate so that another lender can provide financing of capital improvements, i.e. house or buildings.

Success (Goal 1, End Outcome 1)

Success from an agricultural or rural viewpoint means having sufficient income to live in a manner which allows for adequate family living, retirement of debt and expansion of the operation. It is generally believed that rural residents will accept a lower income level in exchange for a better quality of life versus urban residents.

Warehouse Violations (Goal 2, Objective 2)

A violation is the failure of a warehouse operator to have conducted a risk assessment and to have a written Homeland Security Plan as identified by a FSA examiner during the course of a warehouse examination.

Warehouse Receipts (Goal 1, Objective 1: Outputs)

The warehouse receipt, authorized under the USWA, creates an enforceable contract between warehouse operator and farmer and contains terms and conditions that are acceptable to bankers. It is a negotiable document of title facilitating marketing of commodity.

Appendix E – List of Acronyms

Acronym	Description
ACSI	American Customer Satisfaction Index
APHIS	Animal and Plant Health Inspection Service
BPMS	Budget and Performance Management System
CCC	Commodity Credit Corporation
CREP	Conservation Reserve Enhancement Program
CRP	Conservation Reserve Program
CSCC	Customer Service Comment Card
CSREES	Cooperative State Research, Education and Extension Service
ECP	Emergency Conservation Program
eDCP	Electronic Direct and Counter-Cyclical Program
EEO	Equal Employment Opportunity
EEOC	Equal Employment Opportunity Commission
E-Gov	Electronic Government
eLDP	Electronic Loan Deficiency Payments
eMILC	Electronic Milk Income Loss Contracts
EPA	Environmental Protection Agency
EWR	Electronic Warehouse Receipts
FAS	Foreign Agricultural Service
FY	Fiscal Year
FNS	Food and Nutrition Service
FSA	Farm Service Agency
GAO	Government Accountability Office

Acronym	Description
GIS	Geographic Information System
GPS	Global Positioning System
GPRA	Government Performance and Results Act of 1993
HACU	Hispanic Association of Colleges and Universities
IT	Information Technology
JWOD	Javits-Wagner-O'Day
MIDAS	Modernize and Innovate the Delivery of Agricultural Systems
MANRRs	Minorities in Agriculture, Natural Resources and Related Sciences
NAP	Non-Insured Crop Disaster Assistance Program
NASDA	National Association of State Departments of Agriculture
NASS	National Agricultural Statistical Service
NGO	Non-Governmental Agency
NRCS	Natural Resources Conservation Office
OBPA	Office of Budget and Program Analysis
OCR	Office of Civil Rights
OIG	Office of the Inspector General
OMB	Office of Management and Budget
PMA	President's Management Agenda
PART	Program Assessment Rating Tool
RMA	Risk Management Agency
RC&D	Resource Conservation and Development
RD	Rural Development
SCIMS	Service Center Information Management System
USAID	United States Agency for International Development

Acronym	Description
USDA	United States Department of Agriculture
USGS	United States Geological Survey
USWA	United States Warehouse Act
WTO	World Trade Organization